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Action Committee He read request to his audience of homes it's only \$50,000 " Murph:

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AIDS lokes "I'm not me

Prince Charles of Britan

wife. Diana, arrived in Suc.

Friday to begin a lindar of tour of Italy. They were gre-

the president of the lular

Francesco Cossiga size

program includes an audit.

Pope John Paul II, an open

Scala in Milan and a tor

Grand Canal in Venes

Prince Charles's aug. Pre

Margaret, is in Hungary ling

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**CARnotes** 

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WEATHER DAYA APPEAR ON PAGE 16

ZURICH, MONDAY, APRIL 22, 1985

"Now we're saying that we in-

sion," Mr. Pike said. "Rather than

Mr. Pike said that he believed the

He said that several of the 15

agon report appeared likely to run

up against treaty restrictions. Mr. Pike cited two planned experi-ments that would test weapons

based in space and designed to

shoot down incoming enemy pro-

The Pentagon document said that these tests would comply with

the treaty because they would be

designed to shoot down anti-satel-

lite weapons, which are easier tar-

gets than anti-ballisue missiles, known as ABMs.

limited to the satellite defense mis-

It added that the test "will also

permit a decision to be made" on

whether the weapons can be used

Mr. Pike said such a test proba-

bly would comply with the treaty

but would be "a waste of money"

because the air force already knows

how to shoot down anti-satellite

Santiago Carrillo

**Communists** 

From Panel

Expel Carrillo

By Edward Schumacher

New York Times Service MADRID — Santiago Carrillo, founder of Eurocommunism and

a leader of the Spanish Communist

Party for nearly 50 years, has been

expelled from the party's central

lowers, including the leaders of some of the party's regional organi-

zations, were also removed from

the 100-member committee Friday

in what party spokesmen said was

the largest purge among Spanish

Communists since the 1936-1939

Mr. Carrillo and four supporters

were expelled from the 27-member

executive committee, largely re-moving them from political power inside the party. The central com-

mittee supervises and guides the

tions. It selects the executive com-

gies that will determine the direc-

tion of the once-powerful but now deeply divided party.

Mr. Carrillo, 70, stepped down

as secretary-general of the party three years ago. He has been fighting with his successor and former protege, Gerardo Iglesias, 39, in an

effort to make the party more rigid-

ly Communist and more confronta-

tional with the Socialist govern-

ment of Prime Minister Felipe

"I will continue fighting for what I have been fighting." Mr. Carrillo said, adding that he would not

It was a barely veiled threat that

Mr. Iglesias's backers said was wor-

rying. It came from a man who has

civil war.

Eighteen of Mr. Carrillo's fol-

committee in a bitter dispute.

sion," the report said.

against ballistic missiles.

"To ensure compliance with the

### A new biography says Fig. D. Roosevelt, as a young and a serious romance with a biography socialite who unred down his covered amorous as well as a covered amorous as a covered as a covered as a covered as a covered amorous as a covered amorous as a covered as a covered amorous and a covered amorous as a covered amorous as a covered amorous and a Israeli Forces to Complete Lebanon Pullout by June 1

JERUSALEM - Israel announced Sunday that it would complete the withdrawal of its troops from Lebanon by June 1, but it reserved the right to send its forces back across the horder if it was attacked or felt endangered.

children would be usky for a did not wish to be a con 's who was 17 at the time of the hier is also quoted as \$\frac{1}{2} \text{if the time of the hier is also quoted as \$\frac{1}{2} \text{if the time of the hier is also quoted as \$\frac{1}{2} \text{if the time of the hier is also quoted as \$\frac{1}{2} \text{if the time of the hier is also quoted as \$\frac{1}{2} \text{if the At an eight-hour meeting, the cabinet voted, 17-3 with one abstention, to advance the pullout, which had been expected by September, apparently because of Shiite Moslem guernila attacks and public pressure at home.

The new date is a few days short of the third anniversary of the Israeli invasion of Lebanon on June 6, 1982. Eddie Murphy taunol ber unals and others protesme to pearance at Brandes United Waltham, Massachuseus, Teacher and Called on hum to de

Israel's armed forces radio said that the cabinet had also agreed to set up a security zone in southern Lebanon after the withdrawal but gave no details of its size. [Senior mulitary sources said Fri-

day that Israel would be prepared to, in effect, give up the security zone it plans to establish in southem Lebanon for an informal agreement with Lebanon's Shirte Amal militis to keep the area quiet, The New York Times reported.

["We would be prepared to trade the security zone for a deal with the Shutes," said a senior military source directly involved in policymaking on Lebanon. "We would like them to know that we mean business. Though we know that Amal could not, even if it wanted, fully guarantee security in the area, we believe they could do so to a large degree."

[The official's remarks, Israeli military analysis said, appeared to

reflect a change in Israeli military with the avowed aim of driving thinking in recent months.]

Palestinian guerrillas away from its

A communique Sunday said the Israeli government approved a pro-posal by Defense Minister Yitzhak Rabin to implement the third and last stage of the military withdraw-

"Implementation of this stage will be terminated by the beginning of June," the communique said. Energy Minister Moshe Shahal confirmed that this meant June 1.

lem and Palestinian guerrillas not to attack northern Israel.

right to defend against land or sea attacks from anywhere in Lehanon," he said, "If any factor 30, 40 or 50 kilometers from our borders. Chuf mountains Sunday, United endangers Israel, we will operate Press against it." The distance is 18 to 30 Sidon.

Mr. Rabin said he had refused for security reasons to recommend that the cabinet set a specific date for the pullout.

Prime Minister Shimon Peres Friday night and Saturday. had faced differences within the nine-party government over the size of the anti-guernila security

six- to nine-mile-deep buffer zone patrolled by the Israeli-backed South Lebanon Army militia and local Druze and Shiite militias. But hard-line cabinet members. such as former Defense Minister Ariel Sharon and Foreign Minister

Yitzhak Shamir, said that the distance was not enough to provide security for northern Israel.

border. The Israelis control about 20 percent of Lebanon. Military sources said the Israeli

Palestinian guerrillas away from its

Army was about to complete the second stage of the withdrawal by leaving the Bekan Valley in eastern Lebanon, where Israeli troops face the Syrian Army, and from the port

The Israeli military radio said the troops had completed disman-Mr. Rabin warned Shine Mos- tling or blowing up installations in

The army reserves for itself the More Fighting in Lebanon Fresh fighting broke out around the southern Lebanese port city of Sidon, in Beirut and in the nearby Press International reported from

> Twenty people were reported killed Friday night in fighting in and around Sidon. Fifty people were reported wounded in the artillery and machine-gun exchanges

Druze and Lebanese Army gunners shelled several villages in the Chuf mountains overlooking Bei-rut on Sunday, while soldiers and Druze militiamen clashed with Mr. Rabin was known to favor a tanks, anti-aircraft and heavy machine guns on the front lines, military sources said.

> The Christian Voice of Lebanon radio said that at least one civilian was wounded in the Chuf.

Christian and Moslem militiamen in Beirut traded heavy machine-gun fire Sunday on the Green Line dividing the capital, · Israel sent its army into Lebanon



A bomb damaged the Brussels office of the AEG-Telefunken electronics company Sunday,

### Brussels Bomb Hits NATO Assembly

sels, damaging the headquarters of the North Atlantic Assembly and ROLLS ROYCE BE the offices of a West German electronics firm. A previously unknown leftist guerrilla group

claimed responsibility.
The first artack on Saturday, which hit the assembly, prompted fears that an earlier campaign against North Atlantic Treaty Or-

ganization targets had been re-The Revolutionary Front for Proletarian Action spray-painted the initials FRAP in red at the scene of both blasts. The second bomb exploded Sunday at the Brussels offices of the Frankfurt-

based company AEG-Telefunken. The two pre-dawn attacks caused property damage but no ca-Security officials, concerned by

the fresh violence after a three-month lull in an anti-NATO bombing cumpaign in Belgium, said they could not fully protect all potential diplomatic, industrial and political targets in the city, which houses of any bomb blast.
NATO and European Community
The assembly's de-

Ivan Roggen, the provincial governor of Brabant, which includes Brussels, said that security patrols would have to be stepped up. But he said little could be done ngainst small, well-organized guer- tarians from the 16 allied Western

By Sara Fritz

Lus Angeles Times Service
WASHINGTON - President

Ronald Reagan, in a last-minute

attempt to salvage his request for

\$14-million in aid to Nicaraguan

rebels, has accused his Democratic

opponents in Congress of advocat-

Sandinist government in Nicara-

Facing almost certain defeat

when the House and Senate vote on

the aid package Tuesday, President

Reagan declared Saturday in his

weekly radio speech that Demo-

crats who wanted to give aid to

Nicaraguan refugees instead of to

ing a "shameful surrender" to the hours by air from United States

BRUSSELS — Two bombs extra that the company's Belgian subsident of NATO.

loded during the weekend in Brustiary was not engaged in military

It has no legislative power but electronics production, although its

parent company was. Saturday's attack against the central Brussels building housing the secretariat of the parliamentary assembly broke windows, wrecked a parked car and damaged furniture and archives. It provoked protests from assembly leaders who have been pressing for closer security surveillance since last summer.

The assembly building is situated in the fashionable Petit Sablon area near the Royal Palace and Foreign Affairs Ministry.

Assembly sources said halfhourly foot patrols by police had been cut in recent weeks and the narrow street at the back where the bomb was left on a window sill was especially vulnerable. The sources said Belgian security

officials had rejected the assembly's past demands for still tighter security on the ground of cost and had advised it to put adhesive tape on windows to diminish the force

The assembly's deputy secretary-general, Jean Remion, said: "We are a second-rank target, but by mistake or spite we thought they might attack us."

The 184-member assembly, which brings together parliamen-

Mr. Reagan said terrorist sup-

porters of Colonel Moamer Qadha-

fi, the Libyan leader, and of Aya-

toliah Ruhollah Khomeini of Iran

were already in Nicaragua, "two

He also reiterated a report that

administration officials had leaked

earlier last week that Soviet mili-

tary advisers had been stationed in

the combat zone in northern Nica-

the rebels were encouraging the development of a Soviet-backed ter-were few in number and had been rebels, known as contras.

It has no legislative power but acts as a sort of parliamentary sup-port group for the alliance in member countries.

The Revolutionary Front promised that it would issue a statement of its motives in a phone call to a Brussels radio station on Saturday, but this had not been published by late Sunday. Police said they did not know if there were links between the group and the Fighting Communist Cells that claimed responsibility for the earlier bomb-

The Fighting Communist Cells said they were responsible for a spate of bombings against NATO targets in Belgium over a four-month period ending in January. Some of the attacks were against companies that it said were involved in producing U.S. cruise and Pershing-2 nuclear missiles.

During that campaign, France's Direct Action and West Germany's Red Army Faction said they were forming a joint "political-military front in Western Europe" to strike

In the two most serious attacks against targets all over Europe, a fashion a philosophy and plan of high-ranking official of the French action for developing nations seek-Defense Ministry and a West German industrialist whose company was involved in major military concountries twice a year to debate tracts were assassinated.

President Reagan picked up few,

if any, votes Thursday when he

offered to compromise by pledging that none of the aid to the rebels

would be used for weapons during

the fiscal year ending Sept. 31, Sen-

ate Republicans disclosed that the

compromise also would have al-

lowed the Central Intelligence

Agency to spend other funds to

President Reagan's speech Sat-

urday was an unequivocal rejection

of an alternative aid proposal set

forth Friday by a bipartisan group

arm the rebels,

rorist stronghold in Nicaragua that sighted near Cotal, where a Sandin-

A White House official said later of six House members. The alterna-

would soon pose a threat to U.S. ist military garrison is situated.

Reagan Warns Against 'Shameful Surrender' in Nicaragua

# Chancellor Helmut Kohl speaking Sunday as he stood in front of a memorial obelisk at the site of Bergen-Belsen, a Nazi concentration camp liberated by British troops 40 years ago.

### Kohl Condemns 'the Nazi Tyranny' At Concentration Camp Memorial

By James M. Markham New York Times Service

BELSEN, West Germany - At a ceremony marking the 40th anniversary of the liberation of the Beren-Belsen concentration camp on Sunday, Chancellor Helmus Kohl squarely accepted Germany's "historical responsibility for the crimes of the Nazi tyranny."
This responsibility is reflected

not least in never-ending shame," declared the chancellor, standing beside a massive stone obelisk on the site of the Nazi camp where more than 50,000 people died, "We shall not let anything in this con-text be falsified or made light of."

Mr. Kohl gave his speech - one of the most forthright and unflinching that a West German leader has made about the Hitler era --surrounded by senior political figures, ambassadors, local people and camp survivors, who made pittated in the name of Germany grimages from Israel, the United against the nations of Europe." States and other countries,

burned because a typhus epidemic among its 58,000 surviving prisoners made it a health hazard. The memorial to the camp is a

vast open park punctuated with raised mounds containing mass graves. A gray stone wall bears engraved epitaphs to the Jews, Gypothers who died from torture, starvation and disease under the administration of the Nazi SS

The address by Mr. Kohl, who was invited last year to speak at the camp by the leaders of West Germany's 28,000-member Jewish community, was awaited with con-siderable interest because of the outcry in the United States over his invitation to President Ronald Reagan to lay a wreath at a German military cemetery in Bitburg that contains SS graves. Mr. Kohl did not allude to the

controversy, nor did he or other speakers mention Mr. Reagan's eleventh-hour plans to include the camp site on his German itinerary next month in an attempt to placate criticism of his Bitburg stop.

By Barbara Crossette

New York Times Service

BANDUNG, Indonesia - Thir-

ty years ago, when the post-World

War II age of revolution and decol-

onization was young, this pleasant mountain town in Java was host to

a conference that captured the

The leaders of 29 Asian and Afri-

famous for its role in Indonesia's

own struggle for independence, to

ing to avoid joining sides in the Cold War between Washington

"Any proposal that abandons over 15,000 members of a demo-

cratic resistance to Communists is

not a compromise, it's a shameful

sutrender," President Reagan said.

"If Congress ever approves such a proposal, it would hasten the con-

solidation of Nicaragua as a Com-

munist-terrorist arsenal. And it

would give the green light to Sovi-

et-sponsored aggression through-

out the American mainland, ulti-

mately threatening our own

■ Cease-Fire Offer Is Reported

The Boston Globe reported Sun-

day that President Daniel Ortega

Saavedra had said Nicaragua

world's imagination.

and Moscow.

The Nonaligned at 30:

Trying to Avoid 'Isms'

However, in an unscheduled addition to the program, Robert E. Tynes, the U.S. consul in Hamburg, read a message from Mr. Reagan that extended his "personal best wishes to the survivors and families of the prisoners of the laager, to the Central Council of the Jewish People in Germany and to the Federal German government."

"The Holocaust is a part of the consciousness of responsible human beings everywhere, no matter what age" the Reagan message

Speaking softly, Chancellor Kohl declared: "We in the free part of Germany realize what it means, following Auschwitz and Treb-linka, to have been taken back into the free Western community. Those nations did so not least with

rected against the Jews in particuernment intended to establish a a new institution called the Archive for the Study of Jewish History in Germany. The chancellor also recalled that 50,000 Russian prisoners of war

Mr. Kohl noted that "the terror

of the totalitarian regime was di-

died in the Bergen area and that less than half of the six million Soviet soldiers captured by the Germans survived their harsh captivity which he said "amounted to no less than torture."

"Reconciliation with the survivors and descendants of the victims is only possible," he declared, "if we accept our history as it really was, if we Germans acknowledge our shame and our historical responsibility, and if we perceive the need to act against any efforts at undermining human freedom and

# After its capture by British troops on April 15, 1945, the Berg gen-Belsen camp, located on the north German flatlands, was To Reagan on Bitburg

New York Times Service WASHINGTON — Elie Wiesel, the cemetery with the West Geran author and death camp survivor, man chancellor, Helmut Kohl, who implored President Ronald Reagan requested the visit. at a White House ceremony to cancel a visit to a German cemetery where Nazi soldiers are buried.

That place, Mr. President, is not your place. Your place is with the victims of the SS." Mr. Wiesel, chairman of the United States Holocaust Memorial Council, said Friday as Mr. Reagan listened.

The moment, in the silence of the packed Roosevelt Room, came on the day that the White House announced that Mr. Reagan would visit the Bergen-Belsen concentration camp site, where Anne Frank died. Later on the same day he is to lay a wreath at the Bitburg military cemetery, which includes the graves of 47 SS soldiers, members of the Nazi elite guard.

Despite Mr. Wiesel's plea, the White House said Mr. Reagan

Asia-Africa Conference, issued in

Bandung on April 24, 1955, would

six years later form the basis for the

Now, as Bandung gets ready to mark the 30th anniversary of that conference with a meeting of dele-

gations from more than 60 coun-

tries, Indonesia is asking the devel-

oping world to take a fresh look at

China, the star attraction in

1955, will be back to reaffirm its

place in that world and to calm

fears that it is aligning itself with

As the movement of nations ad-

support for the rebels, The Associ- Cuba.

ated Press reported in Boston.

President Ortega gave that mes-

sage to Senators John F. Kerry, a

Massachusetts Democrat, and

Thomas R. Harkin, a Democrat of

Iowa, during talks in Managua,

Senator Kerry told the newspaper.

Mr. Ortega also said he would

immediately restore civil liberties

in Nicaragua and end press censor-

ship if the United States agreed to

resume bilateral negotiations and

end its support for the rebels, the

He also reasserted his country's

would agree to an immediate cease- foreign military bases, including only with this fiscal year.

senators said.

fire if the United States ended all those of the Soviet Union and

commitment to Central America as from Congress's rejection Tuesday a zone free of nuclear weapons and of rebel aid, because that vote dealt

vocating nonalignment expanded

Nonaligned Movement.

White House to receive the Con- anti-missile shield, gressional Gold Medal of Achievement, the highest honor that the government gives to civilians. It was awarded to him by Congress for humanitarian efforts and contributions to human rights and lit-

Even when Mr. Wiesel, 56, entered the Roosevelt Room after a 26-minute private meeting with Mr. Reagan, it was unclear what he would say and how Mr. Reagan would react. Mr. Wiesel told friends that although he had (Continued on Page 2, Col. 5)

Mochtar Kusumaatmadja

Senators Kerry and Harkin

They said the document said, "If

the United States, as affirmed by

the Reagan administration and the

Congress, would discontinue direct

or indirect, covert or overt support

for the contras and immediately

reconvene bilateral talks between

Nicaragua and the United States."

then Nicaragua would immediately

The offer did not appear to result

enter into a mutual cease-fire.

called President Ortega's statement

his first offer of a cease-fire.

# U.S. Interprets **ABM** Treaty as **Allowing Tests** Of Space Arms

New York Times Service

declared policy of halting "ero-sion" of the treaty on anti-ballistic WASHINGTON - The Defense Department has issued a broad interpretation of the 1972 treaty on anti-ballistic missiles that tend to help contribute to the erowould clear the way for extensive testing of space weapons designed under the Strategic Defense Initiagetting the Russians back on the reservation, we intend to get off the

reservation with them. tive research program. The Pentagon, in a statement is-sued last week, said that the United language was intended to give the States would "reserve the right" to administration an excuse for prodisregard provisions of the treaty in ceeding with experiments that it reprisal for purported Soviet violacould not otherwise justify under tions, raising the possibility that experiments would proceed even if the treaty. they did not comply with the treaexperiments listed in the new Pen-

The statement, contained in a report to Congress, was the most explicit indication to date of how he administration might respond to what it has described as clear-cut Soviet violations of treaty limits on anti-missile defenses.

A senior administration official said Saturday that the language on treaty violations had been sent to Congress over objections from ome State Department officials. who felt it might give the impression that the United States did not take its treaties seriously.

ABM treaty, the performance of the demonstration hardware will be Critics of the anti-missile defense program, popularly known as "star wars," have said that experiments planned in the next five years would violate treaty limits on the field testing and engineering of weapons designed to shoot down ballistic missiles.

But the Defense Department statement said that many of the developing technologies could be tested in space and on land because they fell into "gray areas" not limit-

ed by the treaty.

The report listed 15 "major experiments" that the Pentagon said it believed could be conducted without violating the treaty, includ-ing tracking of objects on earth and in space and test firings in space of two varieties of weapons designed to intercept high-speed projectiles.

Administration officials have consistently argued that the Strategic Defense Initiative research program would be carried out in combliance with the 1972 treaty. They have said that the first de-

sponse to Mr. Wiesel's speech, the consist of research to determine White House deputy press secretary, Larry Speakes, said, "The president was obviously moved."

whether a defense against ballistic missiles is possible, and that they would seek amendments to the Mr. Wiesel appeared at the treaty before actually deploying an

The administration has accused the Soviet Union of violating the 1972 treaty by beginning construction of a large radar in Krasnoyarsk, in central Siberia, and has asserted that other Soviet develop-

ments in anti-missile technology may also be violations. The Pentagon statement last week said:

We do reserve the right to re-spond to these violations in appropriate ways, some of which may eventually bear on the treaty constraints as they apply to the United

"The United States government must guard against permitting a double standard of compliance, under which the Soviet government would expect to get away with vari-ous violations of arms agreements while the U.S. continues to abide with all provisions."

A senior administration official said that the administration believed it was "clear under international law" that if one party violated a treaty the other could respond by announcing its intent to abro-

gate other portions. The official said that he did not expect such a situation to arise "in the next year or two" but that it might occur by 1988, when the Krasnoyarsk device, known as a phased-array radar, is scheduled to

party between national conven-John E. Pike, associate director of the Federation of American Scimittee, which implements policy.

Behind the expulsions is a clash entists and a critic of the Strategic Defense Initiative program, said of personalities and political strate-Saturday that the new language

■ Albanians in Yugoslavia watch and wait following Enver Hoxha's death.

Manual American Motors Corp. re-

manufactured goods fell 0.9 percent in February. Page 11.

Page 7

### INSIDE

leaders and the army. Page 3. BUSINESS/FINANCE

Page 11.

Page 2 ■ U.S. Army officers, in a sur-

vey, criticized themselves, their

ported a \$29-million loss for the first quarter. ■ Orders to U.S. plants for

SPECIAL REPORT ■ Banking and Finance in Italy.

been a party leader since 1936 and has come to personify Communism

in Spain.

Mr. Carrillo is one of the last Spanish political leaders to have

leave the party.

fought in the civil war. He led the (Continued on Page 2, Col. 3)

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### WORLD BRIEFS

### 15 Killed, 90 Hurt in India Protests

NEW DELHI (AP) - More than 90 persons were wounded over the weekend during demonstrations in the western state of Gujarat and the northernmost state of Kashmir, and 15 were killed Friday in the eastern state of Bihar, the United News of India news agency reported.

In Kashmir, more than 25 persons, including five policemen, were injured Sunday in the capital of Srinigar. More than 60 were injured Saturday during a clash with demonstrators protesting the death of a Moslem youth killed when a bus rammed into a shop.

Six persons were injured Sunday in the town of Baroda in Gujarat

when troops shot into a crowd protesting a proposed increase in job quotas for lower castes.

The 15 persons killed were mostly impoverished tribesmen, armed with bows and arrows, who are seeking more fishing rights in the village of Gangchi. The news agency, quoting official sources, said police were attacked by agitators seeking, among other things, the right to fish in a government pond. Landlords and upper castes in the village oppose

### Spain Moves Closer to Abortion Law

MADRID (NYT) - A measure to permit abortion in some cases has moved closer to legislative approval after Spain's political parties agreed

Leaders of all the parties represented in the lower house of the Cortes, or parliament, agreed on Friday to amend an existing law — which has never taken effect — along lines recommended by the country's top court, the Constitutional Tribunal, Gregorio Peces-Barba, the president of the lower house, predicted that the law would be approved and in effect by

The court on April 11 declared the law unconstitutional but suggested in the complete text of its ruling, issued Wednesday, that the law needed only to be tightened to meet constitutional guarantees of a right to life for both the mother and the child. The law would permit abortions only in cases of rape, a malformed fetus or a threat to the mother's life or health.

### Hanoi Allows One-Time U.S. Visit

HANOI (Reuters) - Vietnam will allow a team of U.S. experts to visit a B-52 crash site in June to examine the feasibility of recovering the remains of missing Americans, the foreign minister, Nguyen Co Thach,

said Sunday.

He emphasized that the visit to Gia Lam, 25 miles (40 kilometers) east of Hanol, was only for a preliminary survey. He appeared to rule out further visits unless the United States normalized its relations with Vietnam, calling this a special case "to whet their appetite."

### New British Royal Tie to Nazis Cited

LONDON (AP) — A brother-in-law of Prince Philip, Queen Elizabeth II's husband, was a high-ranking officer in the Nazi SS, London newspa-

in new reports of links between the elite Nazi unit and members of the royal family. The Sunday Times and The Mail on Sunday identified the officer as Prince Christoph of Hesse, who married Prince Philip's sister Sophie in 1930. Buckingham Palace refused to comment on the reports. Prince Christoph, a brigadier general, was killed in an air crash in 1943 and "was a close aide of Heinrich Himmler, head of the SS and the

Gestapo." The Sunday Times said.

The reports followed Monday's disclosure by the Daily Mirror that the wife of the queen's first cousin, Prince Michael, is the daughter of the late Baron Gunter von Reibnitz, an SS officer who joined the Nazi party before Adolf Hitler achieved power in 1933.

### Head of U.S. Security Agency Named

WASHINGTON (WP) - President Ronald Reagan will nominate Lieutenant General William E. Odom, army intelligence chief and a former assistant army attaché in Moscow, to become director of the

National Security Agency, the Pentagon has announced.

If confirmed by the Senate, General Odom would succeed an air force lieutenant general, Lincoln D. Faurer. He resigned April 1 after a dispute with Defense Secretary Caspar W. Weinberger over cuts the administration made in the agency's fiscal 1986 budget, according to officials in the Pentagon and the intelligence community.

The agency, the most technologically oriented of the government's intelligence agencies, monitors developments around the world using planes, ships and satellites.

### U.S., Bahamas Report Big Drug Raid

MIAMI (NYT) - U.S. and Bahamian officials have spread a dragnet hout 30 Bahamian islands and along 150 miles (243 kilometers) of the Florids coast in the past two weeks, seizing 5,500 pounds (2,504 kilograms) of cocaine and 33,872 pounds of marijuana with an estimated street value of \$100 million.

They also made 58 arrests in connection with drug smuggling, although officials declined to provide any details at a news conference Friday. They said they also arrested nearly 600 Haitians on their way to the United States to seek refuge.

In all, 775 people and 26 agencies of both governments were involved. along with more than 85 law enforcement vessels, more than 30 aircraft; and a half-dozen radar facilities, officials said. The operation was described as the largest of its kind aimed at narcotics smuggling in the

### For the Record

China has announced the appointment of Han Xu, a veteran diplomat, as its next ambassador to the United States. The change had been

A prominent Afghan rebel leader, Maulvi Shafiullah, has been killed by pro-government forces, his Pakistan-based party announced. He had commanded the guerrillas from a mountain base near Kabul. (Renters) Ferdinand E. Marcos said Sunday that he would seek a fourth term as president of the Philippines and predicted that he would trounce the opposition in the 1987 election by 2-1. (AFP)

### Catholics, Jews Hail Improved Relationship

By E.J. Dionne Jr.
New York Times Service

ROME — A group of Roman Catholic and Jewish religious lead-ers has celebrated the 20th anniversary of a declaration by the Second Vatican Council that revolutionized the relationship between Catholics and Jews.

Pope John Paul II told the group Friday that the Holocaust, which so cruelly decimated the Jewish people," was the result of "an absence of faith in God," and said Catholics and Jews should join together to help restore religious

The Vatican Council declara-tion, "Nostra Actate," or "In Our Time," in October 1965 rejected the once widely held Christian view that the Jewish people were respon-

sible for the death of Christ. The pope urged Jews and Christians to help restore "a sense of God" to a secular world.

Referring to "the catastrophe which so cruelly decimated the Jewish people," the pope said: "It is precisely an absence of faith in God and, as a consequence, of love and respect for our fellow men and women, which can easily bring about such disasters."

Rabbi Ronald B. Sobel, senior rabbi at Temple Emanu-El in New York, expressed the "particular gratification" of the Jewish people that the pope had referred in his annual Easter message to the "un-

paralleled inhumanity of Nazi bru-tality against the Jewish people."
"Together," Mr. Sobel said, "we anywhere, not at any time."

nized by an array of groups, including the Anti-Defamation League of B'nai B'rith, in cooperation with the Vatican's Commission for Religious Relations with Judaism.

Most speakers sought to avoid controversial topics. "We meet to talk and to build," said Nathan Perlmutter, national director of the Anti-Defamation League,

But Tulia Zevi, president of the Union of Italian Jewish Communities, sharply criticized the pope in a session on Thursday for meeting on April 10 with a delegation of far-right members of the European

The delegation included Jean-Marie Le Pen, the leader of the National Front in France, whom Mrs. Zevi called "that notorious French xenophobe and anti-Sem-

Mrs. Zevi said Europe was facing "a growing wave of revanchism and racism and attempts to negate the

She said she wondered whether Pope John XXIII, who called the Second Vatican Council, would have have chosen such a time "to meet 16 European parliamentari-

ans of the extreme right." The Vatican's spokesman denied a statement by Mr. Le Pen that the pope had offered the group encouragement in their fight against abortion and against moral "deca-

dence" in Europe. One Vatican official said privately that the pope had not inshare the conviction that bigotry tended to express any support for and prejudice, born of hatred and Mr. Le Pen's movement or the othnurtured in the failure to respect er far-right groups. Several Vatican each other's commitments, can no officials said the pope was not fully longer be tolerated, not now, not aware in advance that the meeting was to take place.

# After Hoxha's Death, Albanians in Yugoslavia Watch and Wait

By Michael T. Kaufman New York Times Service

PRISTINA, Yugoslavia — As Enver Hoxha, Albania's Stalinist leader, was buried last week in Tirana, the Albanians who form a large majority in the Yugoslav province of Kosovo neither mourned publicly nor vented any of their clearly mounting nationalistic

Some in the towns that can receive Tirana television watched as the Albanian leader's closed coffin was carried behind a jeep in a ceremony patterned after Stalin's funeral. Some listened to the orations on Tirana radio, which usually intersperses some sophisticated cultural programming with music, including a song called, "Forty Years of Building Socialism in the Countryside."

But despite assertions from émigré groups in the West, there were no student demonstrations in this fast-rising city, where bank buildings tower over old minarets and cast shadows over an Oriental market. No new graffiti appeared in this Kosovo province city, 150 miles (240 kilometers) south of Belgrade, to extol Hoxha, who was 76 when he died on April 11.

And there were no cries of "Kosova Republic," cries that have sent several hundred young people to prison, creating legions of contemporary martyrs in this society of families linked in clans.

to speak to a visitor about the situation, at least not without guarantees of anonymity.

A Communist League meeting here on the day of the funeral took up the issue of Yugoslav territory that was once Albanian. And both here and in Belgrade, there is little doubt that the Kosovo problem, as it is called, is second only to the sagging economy as a national concern.

"To tell you the truth, I was surprised that things were so quiet," said Miso Kikovic, a reporter for a Belgrade newspaper who is based in Pristina. He said that his expectations of some protest, how-ever mild, were heightened because Mr. Hoxha's death

a scant 100 miles away coincided roughly with the fourth anniversary of student riots, in which local Albanians say more than 200 people were shot to death by police. The government says only nine people were killed in the disorders, which began when university students protested over cafeteria food.

Vhatever the death toll, the disorders impressed on all Yugoslavia that the growing consciousness of the ethnic Albanians, coupled with often vague political

stirrings, was posing severe problems for this federa-tion of precariously balanced national groups. In all six republics, the largely inchoate yearnings

mare, fragmentation.

The echoes of that fear were evident in the party meeting in Pristina on the day of the funeral. As reported in the local press, speaker after speaker, Albanians and Serbs, discussed the problem of territory that was formerly Albanian. Some of the delegates to the meeting chastised local officials for failing to stem hay-burnings and gravestone topplings, which they said have accelerated the panicky flight of Serbs and Montenegrins from the region.

Although different views were expressed at the meeting, the consensus endorsed the party line, which calls for a tough stance against expressions of nationalism. The party line also appeals for generous spending in Kosovo in a revenue-sharing program under which the wealthier republics invest in the province,

Yugoslavia's poorest region.

The underlying assumption appears to be that money and new constructions will enhance economic integration with the rest of Yugoslavia, and that the nationalism may then subside.

This city itself stands as testimony to these policies. A huge newspaper office, towering banks and a large hotel stand in what was little more than a village a decade ago. In the center is the university, which, with

But beneath the appearance of calm, there was evidence of deep concern. No one in authority wanted to speak to a visitor about the situation at least act. study Albanian literature, language and history, he said. The local economy cannot absorb them, he added, and the large numbers of educated, nationalistic and unemployed youth would be a combustible mixture even if there were no nation across the border

that could play on these frustrations.

None of the young people encountered in Pristina's coffee houses appeared to have any sympathy for the government of Mr. Hoxha or for his successor, Ramiz

"We know there is no freedom there." a young man said, "that the churches and mosques have been shut and that perhaps 60,000 people have been killed. But we also know that the people there are our brothers. Like us, they are Albanian.

Cultural issues tend to dominate over economic expectations.

'You have to understand," said Idris Aieti, the director of Kosovo's Institute of Albanian Studies, the Albanians are a very old people with roots to the ancient Illyrians. But in modern terms, they are a very young nation. Only since the Second World War are we experiencing the rebirth that other European nations went through in the 19th century."

### Anti-Stalin Views of Gorbachev Reported in Moscow in the 1950s when they ist teaching that those who deviat- in the Soviet Union but were sel ed from the official party line were dom heard in 1952, Mr. Mlynar VIENNA - A Czechoslovak

but good and evil," said Mr. Wie- House officials have said the visit is

sel, a gaunt hollow-eyed figure, possibly the most serious mistake "And we must never confuse them. of Mr. Reagan's presidency.

at Mr. Wiesel during the 10-minute in concentration camps and out-

SS troopers.

who describes himself as a college friend of Mikhail S. Gorbachev

says the Soviet leader was a student

Zdenek Mlynar, a former Czechoslovak Communist Party
official now living in Vienna, said
he was a friend of Mr. Gorbachev

paper Kurier.

He recalled how the young Mr. lowed him to emigrate. Such views
Gorbachev had rejected the Stalinare no longer considered heretical

(Continued from Page 1)

worked on his speech through the

night, he was not sure whether he

would actually give it or whether he

would boycott the ceremonies.

He told friends that White

House officials had sought to limit his speech to three minutes and

remove any direct criticism of Mr.

Reagan's decision to visit Bitburg.

Angered, Mr. Wiesel went to Don-

ald T. Regan, the White House chief of staff, whose office had re-

ceived a copy of the speech Thurs-day night. Mr. Regan assured him

that he could say what he wanted.

The speech by Mr. Wiesel shook

White House officials and left

many in the audience fighting back

As Mr. Reagan listened intently, Mr. Wiesel, whose suffering in con-

"One million Jewish children

perished. If I spent my entire life

reciting their names. I would die

"Mr. President, I have seen chil-

"We were more than just colleagues, we were also good friends," Mr. Mlynar wrote in two

Camp Survivor Appeals to Reagan on Visit

For I have seen the SS at work. And

my friends. They were my parents.
Mr. President the presid I have seen their victims. They were

suffering in the concentration camps that defies imagination." He said he had "respect and ad-

You have told us earlier when

"May L, Mr. President, if it's pos-

sible at all, implore you to do some-

thing else, to find a way, to find

another way, another site. That

place, Mr. President, is not your

place. Your place is with the vic-

After the speech, the two men

shook hands, and the president left

tims of the SS.

we spoke that you were not aware

miration" for Mr. Reagan.

President, there was a degree of

"enemies of the party" be liquidated.

at Bergen-Belsen. He indicated that

guests, to the Roosevelt Room,

which limited the number of guests

to 40 and prevented some of Mr.

In his unexpectedly long meeting of 26 minutes with Mr. Reagan in

the Oval Office, Mr. Wiesel said, "I

tried to explain to the president the

He said Mr. Reagan "did not

apologize, but of course he ex-plained privately that he knows

very well that we went through

Wiesel's friends from attending.

friends," Mr. Mlynar wrote in two articles published Saturday and Sunday in the Vienna daily news-rest Martov," a reference to one of

paper Kurier.

"It was even more unusual to express such thoughts to a foreign-

er," he added. Mr. Mlynar says the former classmates at Moscow State University last met in 1967 in Stavro-

pol, Mr. Gorbachev's hometown, three years after the fall of Khru-"He told me be did not regret Khrushchev's departure," Mr. Mlynar said. "He criticized his im-petuous, subjectivist interference in

the economy and the system." Mr. Mlynar, a leading theoretician of Czechoslovakia's short-Mr. Speakes said the Bitburg vis-it would follow Mr. Reagan's hom-age to the victims of Nazi Germany lived "Prague spring" reformist government in 1968, which was subsequently crushed by the Russians, said he expected big changes

the wreath-laying for the German soldiers would be set in spot as far as possible from the graves of the Gorbachev and his generation have had enough experience of un-The extent of the White House successful attempts at reform," he embarrassment was reflected in the of the presence of SS graves in the abrupt shift last week of the cere-Bitburg cemetery," he said. "Of mony from the East Room, which can accommodate more than 300

in the Soviet Union under Mr. Gor-

The experience of the new generation in the Kremlin includes the recognition that the policy of repression and the postponement of unsolved problems can no longer

Mr. Mlynar said reform "has become an inner need of the Soviet Union itself."

### **Bomb Damages Sicily Home** Mr. Reagan stared unflinching total difference between suffering

The Associated Press PALERMO, Sicily - A bomb damaged the unoccupied vacation home of Dr. Elda Pucci, the first woman mayor of Palermo who re-House sought to quell the rage of Jewish organizations and other groups over Mr. Reagan's schedgroups over Mr. Reagan's sched-could even imagine what we went that no one had immediately uled visit to Bitburg. Some White through."

GOLDEN TUN HOLLAND

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TRILATERAL MEETING - Marcelino Oreja, a former Spanish prime minister and the general secretary of the Council of Europe, speaking Sunday in Tokyo. He addressed the 16th meeting of the Trilateral Commission, a private group that discusses various international issues and may report back to government leaders.

### Nonaligned Movement at 30: Attempting to Avoid 'Isms'

(Continued from Page 1)

in the years after Bandung, it also acknowledge. In 1979, at a conference in Havana, the rift culminated in an effort by Cuba to align the others. group with the Soviet bloc.

Adam Malik, a former Indonesian vice president and foreign that jolted the movement's "silent majority" - countries like Singapore, Sri Lanka, Malaysia and Indonesia. Some soul-searching fol-

"The age of 'isms' is over," said Mochtar Kusumaatmadja, Indonesia's foreign minister, in his Jakarta office recently as he made final preparations for the commemorative conference

Thirty years ago, Mr. Mochtar said, the preoccupation of the newly emergent nations was political freedom for those still under colonial rule. Now, he said, the emphasis will be on "economic emancipation." a struggle that he said had to be waged by the developing nations themselves. He called it a "sign of backwardness" that countries with decades of political independence should still be unable to tackle economic problems.

"All we ask from the industrialized world is to give us a fair chance," he said.

Mr. Mochtar's views reflect those of President Suharto, who since taking power in Indonesia in 1966 has been concentrating on economic development at home, while keeping the country's inter-national profile low.

By contrast, Mr. Suharto's pre-decessor, President Sukarno, who called the first Asia-Africa conference, made international prestige a high priority and became entangled in costly international adventures from which his critics say Indonesia took years to recover. Diplomats in Jakarta see the great effort being put into this year's Bandung emoration as a sign that the country may be preparing to resume a larger international role. The conference roster 30 years ago was a list of remarkable and often controversial men: Gamal years.

Abdel Nasser of Egypt, Jawaharlal Mr. Wiesel, whose suffering in con-Nehru of India, Zhou Enlai of Chi-centration camps as a child has drifted off course, its own members na, Pham Van Dong of North Viet- served as the basis for his novels, nam, U Nu of Burma and Carlos P. said: Romulo of the Philippines, among

Archbishop Makarios of Cyprus came as an observer, as did meg-before finishing the task. bers of pro-independence groups. minister who died last year, described the Havana nonaligned ments. The youngest head of a delate last words, they die on the flames alive. Words, they die on conference, the first held in the egation was Prince Norodom Siha- my lips."
Western Hemisphere, as a "brawl" nouk of Cambodia, then 32 years "The i

> This year, as in 1955, the Chinese delegation is attracting the most attention, though for different rea-At the first conference, the orga-

nizers — Indonesia, along with In-dia, Pakistan, Burma and Ceylon, now Sri Lanka — quarreled over inviting the Chinese, who six years earlier had brought Communism to Beijing. Pakistan and Ceylon obiected. But Indonesia did not and India argued in favor. Burma tipped the scale by threatening not to attend if China was not includ-

The Chinese delegation, headed by Zhou, used the Bandung conference to forge ties with the develop-ing nations and independence movements. The Chinese leader's speech drew the biggest crowds.

"The Bandung forum opened the doors and windows of the People's Republic of China to the outside world," H. Roeslan Abdulgani, the Indonesian organizer of the conference, wrote in his account of the

Since then, Pakistan and China have drawn closer, India has fought a border war with the Chinese, and Indonesia, jarred by an attempted coup in 1965 that was thought to have Beijing's support, broke off all relations with China. The use of Chinese characters is banned in Indonesia, and when any Chinese writing appears in foreign publica-tions, even in advertising, it is

The Indonesian invitation to China this year and the decision of China's foreign minister, Wu Xueqian, to attend the commemoration were major news events in Asia. Mr. Wu will be the first official Chinese visitor to Indonesia in 18

### Spanish Party Expels Carrillo From Its Central Committee

(Continued from Page 1)

Communist Party from his exile in Paris until the death in 1975 of Francisco Franco.

Mr. Carrillo returned to Spain and was imprisoned, but he was later released and led the newly legalized party in making an histor ic break with Moscow in a 1978

With Communist leaders in France and Italy, he started what has come to be known as Eurocommunism, a movement that accepts working by democratic rules and rejects the Soviet Union as a dicta-

nicipal elections three years earlier It lost 19 seats in the lower house of the Spanish Parliament Mr. Carrillo, who held one of the four remaining seats, was pushed aside last week by the party as its parlia-

cialists won. The Communists re-

ceived less than 4 percent of the vote, down from 13 percent in mu-

Among the others expelled from the executive committee were Adolpho Pinedo, secretary-general of the party in Madrid; Ignacio Latierro, secretary-general of the party in the Basque country, and Juan Villalba, secretary-general of the party in Valencia. They and Mr. Carrillo was forced to step Julio Perez de la Fuente, secretarydown as secretary-general after the general of the party in Galicia, also party suffered a crushing defeat in were expelled from the central the 1982 elections, which the So-



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### **AMERICAN TOPICS**

### Homing Signal For Stolen Cars

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ents, is the third largest in Yugo or said that most of the student assants, who were often illiterate in literature, language and latter at economy cannot absorb large numbers of educated the bloyed youth would be a combon on these frustrations.

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"He told me he did no.

Khrushchev's departure Mlynar said. "He critected

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Mr. Mlynar, a leading to cian of Czechoslovaku

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A Massachusetts inventor has developed a transmitting device, about the size of a pocket transistor radio, that can be hidden in a car and will begin to emit an mandible pulsing signal when activated by a police computer once the vehicle has been reported as stolen. A police car equipped with a tracking unit can pick up the signal two or three miles (about three to five kilometers) away and track it through countryside or city

In 550 tests conducted by the Massachusetts State Police in the past four months they have found the hidden car every time. However, the device has yet to be used in a car that actually has been stolen by people who might try to find it and rip it out.

The inventor, William R. Rea-gan, hopes to market the device to car owners for about \$500 each and the tracking units to police departments for about \$2,300 apiece, When Mr. Reagan was asked his ultimate goal, Governor Michael S. Dukakis of Massachusetts, who attended a demonstration of the device, answered for him with a grin: "Eleven milion cars a year coming out of Detroit equipped with

### Short Takes

Scientists think that the antibiotics increasingly used in live-stock feed have led to a new strain of drug-resistant bacteria that may be the cause of the outbreak of salmonella in the Middle West, according to U.S. News & World Report magazine. The food-poisoning epi-demic, one of the worst in U.S. history, has been traced to contaminated milk. More than 6,000 salmonella cases have been confirmed, and there have been four

"I thought I was dead," said John M. Smith, one of the pas-sengers aboard an American Air-lines Boeing 727 when one of its three engines fell off with a loud bang over New Mexico. "I thought, What a terrible last meal," Mr. Smith added. The plane landed safely.

In Washington last year, 3.8 million people visited the Lincoln Memorial; 2.3 million, the Vietnam Veterans Memorial: 1.8 million, the Jefferson Memorial: 1.3 million, the Washington Monument, and 1.1 million, the White House.

Sign on the door of the doctors' recreation room of the Gug- private profession."

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MARRIED - Cristina Ferrare, the model who was recently divorced from John Z. De Lorean, the former automaker who was acquitted on cocaine dealing charges, was married Saturday in California to Anthony Thomopoulos, president of the ABC Broadcast Group.

genheim Pavilion at the Mount Sinai Medical Center in New York: "Staph Lounge."

### Notes About People

William J. Schroeder's wife

has told Life magazine that if her husband — the second person to receive a permanent artificial heart — had known in advance the hardship the operation would cause his family, he might have turned it down. Margaret Schroeder said she had hoped the implant would enable her 53year-old husband, who had been near death from congestive heart failure, "to get better and come home" to Jasper, Indiana, But after a stroke, a series of seizures and a plaguing fever, she said, "I see it as more of a research expenment.

Mary Cunningham, 34, whose supposed romance with William Agee when they were both Bendix executives so becaused the corporate world that she decided to resign, and who married Mr. Agee, 46, after both had left the company, is expecting a baby in September. The child will be the first for both of them.

Katharine Hephurn, 75. said in a rare television interview, "I drifted into acting. I think it's sort of an idiot's profession. I would've loved to have been a painter or a writer." And, she reflected: "If they don't want you anymore, they dump you, I know goddam well that's true. I've been dumped and picked up again. I would've liked a more

### 'Banned in Boston'

Triumphs Again

Once again, being "banned in Buston," where a self-appointed morals squad made the city the unofficial capital of U.S. censorship half a century ago, is spurring an obscure book toward the best-seller lists. The book, published by a small feminist and lesbian publishing company in Tallahassee, Florida, is called Lesbian Nuns: Breaking Silence." In it are accounts of how 51 women, 42 of them former Roman Catholic nuns and nine still bound by their vows, came

When the Reverend Peter Conley, spokesman for the Bus-ton archdiocese, heard that the

Two national bookstore

ed to kill the book, all they had to do was keep their mouths shut." - Compiled by

WASHINGTON - The U.S. Army's officers, in a remarkably candid self-evaluation, have expressed severe criticism of them-

Despite these negative views, large majorities of the officers said that they were satisfied with their duty positions, that they intended to stay in the army for a career and that fellow officers exemplified the warrior spirit" and the "army eth-

original, creative officer cannot Large majorities also said that "the army is more than a job" and that "individual needs are second-A report compiled from the surary to army needs." Although the vey said that an even larger portion officers had complaints about parof the officers, 68 percent, agreed ticular elements of the army's eduthat "the officer corps is focused on cational and training system, they generally gave it good marks. personal gain rather than selflessness" - a virtue that military leaders cite as essential to good leader-

The survey was ordered by the truly chief of staff, General John A. Wickham Jr., who said in a letter to those being queried. Because this study will shape the future de-

And one-third of all the officers, withdrew from Vietnam more than including the generals, thought that 10 years ago. Military and civilian "most officers are promoted before critics have asserted that officers becoming competent at their exist-ing grade levels," the report said. leadership and corporate values leadership and corporate values over traditional military values.

U.S. Army Officers, in Survey, Criticize Themselves

The survey report was compiled from answers to two long questionnaires. The first was sent to all 436 serving officers in the four grades of general, of whom 333 replied; the second was sent to 23,000 randomly selected officers, from colonel down to heutenant, of whom 14,046 replied. In those six grades are 92,000 officers. No estimate of the range of sampling error was provided in the report.

The results were tabulated into a report stamped "For Official Use Only" and "Close Hold," meaning that the information in the survey was not to be disseminated widely.

The Armed Forces Journal, monthly magazine published in velopment of our officer corps, we meed your candid opinions. Washington and specializing in military matters, obtained a copy The state of the officer corps has of the survey and has prepared an been a contentious issue within and article for publication in its May outside the army since U.S. forces issue. An advance copy of the arti-

Evidently anticipating renewed criticism, the army prepared a dis-cussion paper to accompany the effective corporate executives.

We place a tremendous burden on our senior army leaders," the paper said. "We charge them to

cle and the report were made available to The New York Times.

stewards of tremendous resources, as role models, as standard setters, as role models, as standard setters, as long-range planners and deci-sion makers. In short, we demand they perform as though they were

"In time of peace, there is a blurring of the distinction between pure warrior and pure corporate executive.' In both peace and across the perform as statemen, as spokesmen for their organizations, as senior army leaders to be both."

### Protest March Is Held in Washington

WASHINGTON - About 26,000 Americans paraded through Washington over the weekend to protest the U.S. nuclear arms buildup, South African racial policies and Reagan administration policies in Central America.

Simultaneous marches were held Saturday in Los Angeles and San gressmen. Francisco.

ian, the U.S. assistant secretary of

Mr. Strassera said that, while b

has little direct evidence that the

military ordered the disappear-

ances, torsure and theft carried out

Carter administration.

Led by a black activist and former presidential candidate, the Reverend Jesse L. Jackson, the pro-

House to the steps of the Capitol. in a fiery speech from the Capi-tol steps. Mr. Jackson said: "We are going to light to free Johannes-

More than 80 groups took part in the "festival of protest," which is to continue for three more days so that demonstrators can lobby con-

Organizers put the size of Saturday's crowd at 100,000. But police San Francisco was estimated at testers marched past the White 50,000 and in Los Angeles at 4,000.

# Ex-Argentine Leaders' Trial to Open Today

By Martin Andersen Washington Post Service

appeared during a military-led

tary government had instituted a

policy of "state terrorism" during the "dirty war" against the left.

The Argentine armed forces, it

said, "responded with a terrorism

infinitely worse than that it fought"

hecause "it counted on the power

and impunity of an absolute state,

kidnapping torturing and killing

it was necessary to fight what it

said was a threat from internation-

ally directed Marxist guerrillas with "unconventional" methods,

contending that the tactics used

were like those of the United States

in Vietnam and France in Algeria.

Jorge Videla and Roberto Viola,

both former presidents and retired

generals, are under arrest on charges of illegal detention, torture.

The military has maintained that

By Richard Halloran

New York Times Service

selves, the army and its senior lead-

In a confidential army survey of

ns officer corps, made last fall and

analyzed over the winter, half the

officers who answered a long ques-

tionnaire agreed that "the bold,

In addition, nearly half the gen-

erals, who were questioned in a

separate survey but whose answers

were incorporated into the report.

concluded that "senior army lead-ers behave too much like corporate

executives and not enough like

survive in today's army."

most searing and soul-searching le- on. gal quests conducted by any society since the trials at Nuremberg after World War II is to unfold Monday man rights violations, go on trial. The nine, including three former Argentine presidents, made up the British-held Falkland Islands. three military juntas that ruled from 1976 to mid-1982. During to grips with their lesbinnism. that time, at least 8,960 people dis-

authors. Rosemary Curb and Nancy Manahan, were to be interviewed on a Boston television station, he wrote to the station and got the program canceled. The Boston Globe ran an article on the cancellation, news services picked up the report and the rest is history in the making.

chains plan to distribute the book, the authors, both teachers, have appeared on network television and Warner Books has bought the mass-distribution paperback rights for a six-figure sum. A Warner spokesman said it will be sold in "supermarkets and drugstores and terminals all over the country."

"I'm a mouse giving birth to an elephant," said the publisher, Barbara Grier, 51. "If they want-ARTHUR HIGBEE

robbery, murder and making false the campaign of terror or did noth-statements. They could receive a ing to stop it as the top command-maximum sentence of life in pris-ers of the military services.

The campaign of terror or did noth-and several foreign dignitaries.

Among those invited is Patt Der-BUENOS AIRES - One of the maximum sentence of life in pris-

Lesser charges have been filed world War II is to unfold Monday

Three of them, including former as nine former top Argentine miliretired general, are in prison awaiting trial for their role in Argentina's ill-fated 1982 invasion of the

A federal prosecutor, Julio Strasaccused men either masterminded

New York Times Service

a plan announced by South Africa

to provide some self-government to

the U.S.-led efforts to negotiate an

dence of the territory, which is also

agreement leading to the indepen-

known as Namibia, and the with-

drawal of Cuban troops from An-

The United States is bound by

United Nations' provisions calling

for internationally supervised elec-

revietnam and France in Algeria. moved quickly to make clear that, Five of the accused, including as far as the Reagan administration

tions in South-West Africa. And it

was concerned, any internal bodies set up by South Africa would have

Chester A. Crocker, assistant

secretary of state for African af-

fairs, who has been the main inter-

mediary between Angola and

South Africa, said at a news confer-

had offered a plan for "an overall

package agreement" to both na-tions in mid-March, when the two

Mr. Crocker said that Angola ledged in November that when

the UN resolution was put into

three years, and the remaining 10,000 would be moved to northern

Angola, far from the border with South-West Africa. The remaining

Cubans would leave, Angola said

The South Africans in turn

tried to reduce the difference in

time between the South African

and Angolan proposals on the Cu-ban withdrawal and to set a defi-nite timetable for the pullout of all

no international standing.

WASHINGTON - In assailing

Argentine security forces as evi-dence of what he said was "a copy of the Nazis's 'night and fog' doctrine, based on a detainer losing all

sera, said he would prove that the

contact with friends and family."

Mother, Infant Killed

Richard Bernstein of The New

York Times reported from Cape

Town, South Africa:
A colored woman and her 3year-old son were burned to death

on Saturday and her two other chil-

dren seriously burt in a mob attack

near Port Elizabeth, a police

not disclosed, was doused with gas-oline and set on fire by several youths in the black township of

Bontrug in the eastern Cape region.

to the woman's home looking for a

man. When she refused to give in-

formation on his whereabouts, police said, the youths sprayed her

with gasoline and then lighted it.

The woman ran back into her

house, setting it on fire, police said.

The house fire killed the boy and

Police said the black youths went

The woman, whose name was

spokesman said.

The prosecutor said he planned to call as many as 2,000 witnesses to testify in the trial, including victims, family members of missing

Mr. Strassera said he would sub-

killed, tortured, raped or robbed by

during the anti-guerrilla campaign, the circumstantial evidence against the accused is overwhelming. "We're going to run a freight train over them," he said. The trial represents several firsts

appeared during a military-near campaign against leftist guerrillas and other dissidents. The generals declared the campaign "won" in U.S. Emphasizes Efforts for Argentina, and it will be watched closely by neighboring countries that recently returned to civilian rade. For the first time in Argentin appointed by President Rail Alfonsin found that the former mili-

mit 709 cases of people abducted, state for human rights during the

history, a panel of civilian judges is to preside over a court-martial. The nine men facing trial belong to a class considered virtually immune West Africa People's Organization, the guerrilla group fighting the South African military. The United since Argentina's first military coup put the armed forces in the Nations has said that SWAPO center of the country's political are-South-West Africa, the State Demust play a role in any political nartment has brought attention to settlement for the former German na in 1930. Such fundamental changes have

cheered the otherwise beleaguered officials of the 16-month-old Alfonsin government. Alarmed by a 1,000-percent annual inflation rate and the prospect of serious recession, growing numbers of Argentines are predicting that chaos will envelop the country soon or that the military will return to power.

The military and its rightist supporters have lannehed a vociferous campaign against the trials and against the commission that pro-vided most of the evidence on the rights violations. They also say that the public trial is a "political circus." Moreover, some retired officers and civilian political leaders

recently have questioned whether all the missing people cited by the

One retired general recently referred to the trials as a "Nurembers in reverse," where those defeated on the battlefield now sit in judgment of a victorious army.

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# U.S. School Vigilantes **Investigated for Felonies**

dent of Paschal High School, rated by local educators as the city's best, have been arrested for questioning but not charged. Six other students who said they were part of the group have made voluntary statements about its activities.

bombings, possessing unlawful weapons, and a number of in-stances of criminal terrorist threats and cruelty to animals," Mr. Clarke

bers of the Ambassadors,

The incidents began last September and culminated in a series of events in late March, when an automobile was bombed, the windows of another were shot out and a rifle was fired at a student's home.

The origin of the name Legion of Doom is obscure, Mr. Clarke said. It has sometimes been used to refer to a squad of the Paschal football

Among the incidents the police

FORT WORTH, Texas - A police investigation of a high school vigilante group that called itself the Legion of Doom indicates that it may have been responsible for 35 felonies, including arson and pipe

The group was made up of some of the school's top athletes and scholars who said they intended to "clean up the school, to get rid of people who were doing bad things," according to Doug Clarke, public information officer for the Fort Worth Police Department. They claimed they were threaten-

ing thieves and dopers."
Two students and a former stu-

The group, believed to have nine or 10 members, is suspected of immultiple pipe bombings, fire-

Mr. Clarke said there were reports that pets had been slaugh-tered and their blood smeared on automobiles as a warning to their owners. He said students and others received warnings marked with swastikas. Mr. Clarke said the investigation would be brought to a grand jury for indictments in May. Police and school officials are

unable to explain the violence ex-cept to say that it appeared to be the work of self-appointed vigilan-

There have been suggestions that the group's vigilante tactics grew out of excessive zeal by some members of a group, the Ambassadors, appointed by the principal of Paschal High School, Radford Gregg, to help maintain order. The Am-bassadors have been disbanded because of the controversy over the Legion of Doom. Four of the students identified as members of the Legion of Doom were also mem-

bomb caused extensive damage to

personal." He said the terrorism began because his son had dated a girl who later started seeing another student. That student has been identified as a member of the Legion of

# Nicaraguan Plane Crash

Agence France-Presse NUUK, Greenland — Two men, a Jordanian and a Filipino, were killed Sunday when an aircraft be-longing to Aeronica, Nicaragua's airline, crashed near the U.S. military station at Sondre Stromfjord,

police said here.

The plane, a Fokker-27 with five employees of the airline aboard, was on a flight from the Middle East to the United States when it developed engine problems and at-tempted an emergency landing on ice 48 miles (77 kilometers) east of

### sides seemed unable to get beyond the ideas each submitted last year. are investigating is the explosion of a homemade pipe bomb under an automobile on March 24. The effect, the Cuban troops would be reduced from 30,000 to 20,000 over

Bob Whitehead, father of the Paschal student whose home was hit by a rifle bullet, said that that was one of several incidents. But he said that "the violence was strictly

but it did not say when, called for the withdrawal of all the Cubans within three months of letting the resolution go into effect. Mr. Crocker declined to give de-Doom tails about the American compro-mise plan, but other officials said it

According to police, the violence did not seem to reflect a racial pattern. A firebomb was thrown into the yard of a black student, but many apparent targets were not members of minority groups.

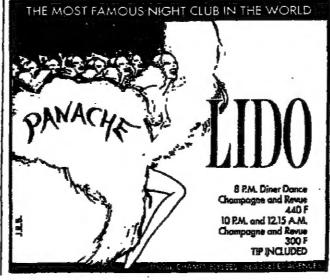
### He said the United States had not received a reaction from either

Angola or South Africa.
South Africa announced last week that it was pulling its last troops out of Angola, thereby carrying out its part of an accord reached with Angola last year, President Pieter W. Botha said

Thursday that because of the delays in reaching an international agreement, his government was creating an internal executive and legislative administration for South-West Africa that could draft Mr. Botha said, however, that

South Africa still would seek an international accord His plan excluded the South

### **WORLDWIDE ENTERTAINMENT**



### seriously burned a 7-year-old son and a 6-year-old daughter. Blast at Store in Dublin Is Linked to Apartheid

DUBLIN - A bomb exploded in Dunne's, a Dublin department store, in a protest by Irish republi can guerrillas over the store's links with South Africa. Police said the incendiary bomb was small and caused little damage.
The Irish National Liberation

Army said in a statement that the bomb was planted because of what it termed Dunne's support for apartheid. The store has been picketed for nine months by 12 workers dismissed for refusing to handle South African goods.

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### **An Honest Nicaragua Policy**

President Ronald Reagan's plan for Nicaragua is in trouble. He has had to bow to Congress on aid to the "Contras," or rebels. His plan amounted to warning the Sandinists to negotiate to American satisfaction in 60 days or to face a full new American commitment to support the Contras. And there is reason to believe that what Mr. Reagan was asking was not simply that the Sandinists respect their neighbors, but also that they accept an internal process leading to their fall from power. The Nicaraguans are unlikely to have accepted that, So Mr. Reagan's policy pointed to a harder military collision. Congress was right to resist it and force a postponement on aid.

But what does Congress intend to put in the Reagan policy's place? It is right to be careful about a drift toward deeper proxy intervention and perhaps direct U.S. intervention. But it is also important to be careful about a rightsounding but essentially deceptive drift toward "diplomacy." Congress, having wisely undertaken to limit the Reagan policy, may be moving unwisely toward something that is a policy in name only. Diplomacy has got to have teeth. A policy made up of enticements for example promising more trade if negotia-tions advance, and without prospective sanctions, or making no provision to restrict trade if negotiations flag — is not a serious policy.

The first need is to keep the Sandinists from subverting neighboring countries or endangering broad U.S. security interests. At the same time, the Sandinists can reasonably ask that their neighbors not facilitate intervention by the Contras. It is the purpose of the Contadora group to arrange such an exchange of obligations. It has had some success, but must work

harder on key enforcement provisions. But so long as the Sandinists and many of their friends and enemies have the idea that the true Reagan purpose is to overthrow the Sandinists, the regional diplomacy is going to drag, and the Sandinists are going to regard any call for internal talks as a maneuver serving that larger Reagan purpose. So it is essential to create conditions that will draw the Sandinists into a political process that could have some positive results. A cease-fire would help, but two other steps are also necessary.

The president should be willing to demonstrate over time that he can live with a Sandinist government that is - let us be realistic moving toward openness. Congress should be willing to demonstrate that it will make the Sandinists pay a price for not moving toward openness. Again, to imagine that the Marxists in Managua will head toward social democracy if only the wicked Contras are taken off their back is simply fooling oneself.

President Reagan and Congress have been engaged in a tense confrontation over the terms on which certain funds may be provided for the next five months. On both sides they were thinking too small. The deal that remains to be defined and struck entails a curtailment of presidential ambitions and an assertion of

congressional responsibilities.

Mr. Reagan needs to back away from military intervention just now and agree to live with the Sandinists on fair terms. Congress should support or make possible the sanctions - cuts of trade and investment, diplomatic boycotts and other political sanctions — that would give the Sandinists a strong incentive to abide by fair terms. These at least are the fundamentals of an above-board, realistic and honest policy. They hold better promise than anything currently on the board.

-THE WASHINGTON POST.

### The False Choice of Bitburg

It is finally clear how President Ronald Reagan came to his Bitburg blunder and why his defense of it grows more repugnant by the day. His perception of the planned tribute to West Germany's war dead begins and ends with a false dichotomy, expressed last week by one of Chancellor Helmut Kohl's closest aides.

What are we?" the aide asked. "Are we primarily friends and allies, or are we primarily the children and grandchildren of the Nazis? At some point one has to decide." "Why? Why must I decide," the president

should have replied when Mr. Kohl posed the same choice last fall, no doubt more subtly. Why are today's West Germans good friends and allies? Because some of them, and most of their fathers and some of their grandfathers, having brought the world to ruin 40 years ago, then accepted America's tutelage and generosity and made much of them. What is most admirable about the new Germany is the moral distance it has traveled from the old. To ignore the old is to ignore what is so

remarkable about the new country. But Mr. Reagan fell for the false taunt. As one of his closest aides recalls him saying while planning the trip: "I don't think we ought to

focus on the past, but focus on the future."

So the president decided no visit to a Nazi concentration camp, a decision changed only when the uproar arose over Bitburg. But even now, the president insists on Bitburg über alles because the chancellor is said to want it and because the president regards most of the men

buried there as also victims of the Nazi regime. Yes, many German soldiers were misled, or simply drafted, into supporting Hitler's war of conquest. But they died as combatants in battle. not as innocents, infants and elderly, in gas chambers. There can be tragedy in the death of soldiers, but who cannot distinguish between

that and the systematic slaughter of millions?

Hitler himself made a further distinction that Mr. Reagan would now ignore by laying a wreath where some SS troopers also lie. The soldiers who had to kill or be killed, Hitler dressed in green. But the SS who designed and ran his death camps, he dressed in black, and with the telltale insignia of crossbones. That some of these criminals lie at Bitburg is not just an awkward circumstance. It makes a tribute at their graves indecent.

When Mr. Reagan, pressed for explana-

tions, ran out of reasons, he endowed this cemetery ceremony with strategic portent. There is no way to shift the wreath-laying out of Bitburg now, he argued, because "all it would do is leave me looking as if I caved in in the face of some unfavorable attention." Where friends and allies are concerned, you see, presidents cannot retreat because adversaries are always taking their measure.

Good allies in Germany would relieve a president of this shameful sense of duty. But whatever they do, the president is prizing strength in an ugly cause. Sometimes stub-

bornness is not strength, only perversity. - THE NEW YORK TIMES.

### Other Opinion

### The Dangers of Newspeak

Leading guardians of the English language. the publishers of the Oxford Dictionary, got a taste of Soviet propaganda this week after Russian guardians of the state twisted a half-dozen definitions in their version of the dictio-

nary to suit their purposes.

Predictably, a heavy dose of state-sanctioned optimism was cranked into the meaning of many heavyweight concepts, ranging from capitalism through socialism to communism. Instead of communism being defined as "a theory of society" in which all property is vested in the community, the Soviets altered the Oxford definition to "a theory revealing the historical necessity for the revolutionary replacement of capitalism by communism."

George Orwell documented the ease with which the language can be debased in "On Political Language," noting that it is "designed to make lies sound truthful and murder respectable." And John Locke observed that words "stand for nothing but the ideas in the mind of him who uses them."

But the most appropriate comment on this

latest attack on the English language ought to come from Joseph Conrad, who wrote, in "Un-der Western Eyes," that "words, as is well known, are the great foes of reality." In a nation where "dissent" is treason, where "psychiatric ward" can mean the gulag, where invasion of an independent country is termed comradely assistance to a government under foreign attack, you can say that again.

### The Slowdown Has Begun

The official U.S. estimate that the real growth of this giant economy slowed to a 1.3 percent annual rate in the first quarter of 1985 may give an exaggerated picture of the rate of the U.S. slowdown. It is an important economic, financial and political event, all the same. It poses an economic challenge to America's trading partners, for they cannot now afford the luxury of a leisurely argument over the right response to a future slowdown. The political repercussions are likely to follow quickly: a louder protectionist clamor in Congress.

### FROM OUR APRIL 22 PAGES, 75 AND 50 YEARS AGO

1910: Dogs Compete in Paris Show

PARIS - The annual tournament for police dogs organized by the Club National du Chien de Défense commences at the Buffalo Velo-drome. This event has become of more than sporting interest, and its importance is recognized by the French Government, which is giving an official prize. In all a thousand francs will be given in prize money, and a numerous entry has been received. So many dogs have been offered, indeed, that only those with some noteworthy performance to their credit will be accepted. The tests include high and long jumping, attack, defense of the master and of the house, leading prisoners and hunting out hidden persons and things.

1935: Wartime Carrier Pigeon Dies FORT MONMOUTH, New Jersey - Spike, a carrier pigeon that gave valiant service to the American Expeditionary Forces during the Wold War, died here at the loft of the Army Signal Corps. The death of Spike leaves only the battered, one-eyed Mocker, holder of the Distinguished Service Medal, of the company of pigeous which served the Army overseas. Spike was 17 years old, a year younger than Mocker. They lived together in the "war hero's coop," Spike a gray grizzle, Mocker red with white markings. With Cher Ami, carrier of the famous message of the Lost Battalion, they served with the 77th Division, and were brought back from France in April, 1919.

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# Reagan Displays an Orwellian Approach to Nicaragua \*

The second secon

BOSTON — Corruption of the language was central to George Orwell's terrifying vision in "1984." Words had come to mean their opposite. The language of the state was Newspeak. The official slogans were War Is Peace, Freedom Is Slavery, Ignorance Is Strength.
President Ronald Reagan on the

subject of Nicaragua sounds more and more like something from the pages of Orwell. His disregard for facts has become hallucinatory. His rhetoric rings with hatred.

Anyone who disagrees with his Truth is an agent of the enemy. Under the slogan of peace Mr. Reagan asked Congress to legitimize war. Before he bowed to Congress last week by agreeing to postpone his fight for military aid to the "Con-tras," or rebels fighting the Sandinist government, he was seeking legisla-tion that would give him authority to support "military or paramilitary op-erations in Nicaragua." He was going to use the aid for arms after 60 days if the government of Nicaragua did not agree to the terms set by the rebels.

Even before last week's compromise move. Mr. Reagan said he want-ed "humanitarian aid" for the rebels. But a top-secret administration memorandum to congressional appropriations committees says the real Reagan policy is to expand the rebel forces and increase their military pressure on Nicaragua. The memo-randum also says that "direct application of U.S. military force" is ruled out now but "must realistically be

recognized as an eventual option."

TOTALITARIAN.

BRUTAL.

CRUEL

By Anthony Lewis

Faced with almost certain defeat in Congress on his request for aid for the rebels, Mr. Reagan was Thursday reported to be willing to accept a compromise in which such aid in the current fiscal year could only be used for "nonlethal" purposes. Details of the compromise remain sketchy and it is unclear whether a proposal on these lines could be worked out in time for Tuesday's House vote on Mr. Reagan's original request.

Mr. Reagan and his aides claimed support for his plan from Latin leaders, especially the Contadora nations. But reports from the region tell of alarm at the president's linking the idea of a cease-fire and peace talks to authority for renewed military support of the rebels. The reports also speak of a feeling among leaders that the Reagan administration manipulated them by concealing that link

President Belisario Betancur of Colombia, a key player in the Contadora peace effort, at first spoke favorably of the Reagan plan. Last week he said Mr. Reagan had not told him it included aid to the rebels. That, he said, made it "no longer a peace proposal but a preparation for war.

A vote against his proposal, Mr. Reagan earlier warned Congress, would be "literally a vote against peace." It would be a vote against the Contadora countries, he added. He said Pope John Paul II had urged "us to continue our efforts in Central America." But an assistant said later

GREAT

STRIDES

TOWARD

When History Forbids a Fair Hearing

By V.W. Hughes

135,000 dead. How many tens of

thousands of blameless children.

The same rationale that was ap-

plied to Dresden was used to justify

viping out Hiroshima, Japan,

one blinding flash, then Nagasaki.

Again there was no opportunity for

the innocents to escape. Harry S. Truman and his generals knew this. We may justify these acts as due

This is not intended as a moral

The very nature of war is horrible, and that in itself is a mitigating, though not excusable, circumstance

for the misdeeds on both sides.

Those iniquities were part of the

war. But if Dachau was not legiti-

mate, was Hiroshima or Dresden? The Allies won the war. Our ene-

mies endured terrible suffering.

Most of the leaders responsible are

dead. What, then, is the purpose of

this continuous prodding of an old

injury? One cannot avenge the in-

nocents who have been at peace in

women and old men died there?

NICARAGUA IS NOT CHILE.

1985 IS NOT 1984.

WAR

LOS ANGELES—It was reported here last month that there is now a search for 1,800 Eastern Eu-

ropeans and 200 Ukrainians who

were members of Nazi SS units in

World War II. Other reports spoke

of the deportation case of an ac-

cused Yugoslavian war criminal,

Andrija Artukovic, age 86.

It is 40 years now since the end of

World War II, and the question

should be raised whether it is wise

and just to repeatedly open these

old wounds of reported misdeeds.

to fire-bomb it was a conscious ef-

fort to convince Germany that con-

tinuing the war would be futile.

Certainly Franklin D. Roosevelt, Winston Churchill and the generals who organized the raid were aware that Dresden was crowded with ref-

ugees. Yet, in less than 18 hours, 1,200 American and British bomb-

ers incinerated Dresden. Because of the influx of refugees, an accurate

casualty count was not available.

but estimates run from 100,000 to

Regarding the opinion column "For

Maybe Ellen Goodman's sugges-

paying public really condone such activities? How many would send a

eign Policy: Set Your Own, Just 536" (March 28):

DEMOCRACY

that the president had not meant to suggest papal endorsement of aid to the rebels in Nicaragua.

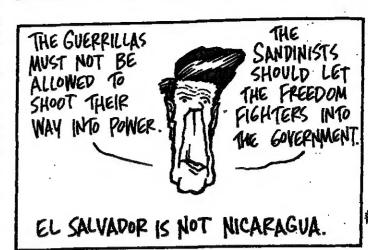
One of Orwell's striking images in "1984" was of the two-minute hate sessions in which citizens had to engage. Mr. Reagan's comments on the Sandinists have taken on their tone.
"Somoza was bad," he said last
week, but "the Sandinists are infinite-

ly worse." There are no words adequate to convey the insult that statement does to history and to the victims of 40 years of Somoza pillage. The government is "a Communist dictatorship," he said. That of a country where opposition parties hold a third of parliamentary seats. Where is this in the Soviet Union? Disregard for history is nothing

new in Mr. Reagan. What other president could have thought a visit to a German cemetery including graves of SS men would be balanced by visiting a former concentration camp? There is a special edge, a virulence,

to his comments on Nicaragua. It is as if he cannot bear the complicated, ragged reality of that country today. but must have a pure Communist enemy. The end of destroying that villainous enemy then justifies any means, any tactics to pressure and frighten Congress. And so we see the president of the United States charging that the honorable lawyers and human rights specialists who meticulously traced terrorist actions by the rebels were "bought and paid for by the Sandinists." It could have been said by Joseph McCarthy.

UNCLE ! NICAPAGUA IS NOT AFGHANISTAN.



# Managua: Congress Has Acted Unwisely

WASHINGTON — This is the most important congressional moment since May, 1947, when Congress supported U.S. intervention-through-aid on the anti-Communist side in the Greek civil war. Congress thereby transformed containment from a theory into a policy.

Congress has now effectively killed

aid for the anti-Communist side in Nicaragna's civil war. Congress has forbidden even modest financial support for the military effort of a mass movement prepared to do the dying to prevent consolidation of the second Soviet satellite in the hemisphere and the first on the North American continent. The evisceration of con-

tainment is complete.

What Mr. Reagan's aides are calling a compromise (aid restricted to nonmilitary uses) is a shattering defeat. He sought military support for a military movement and lost, utterly. On an issue he characterized — correctly - in the starkest moral and national-security terms, his characterization was disproportionate to his effort. He did not go to the country on television. A great communicator does not deal exclusively in good news, but also rallies majorities for hard decisions. Mr. Reagan has chosen to board his political capital but for what remains unclear.

1947 President Trum Congress: "I believe it must be the policy of the United States to support

we deter the zealots and sociopaths of the future with lessons of ven-geance. What kind of justice is it that must be satisfied 40 years later

for misdeeds that grew out of a war

involving unprecedented numbers of homicides by both sides?

line somewhere on the pursuit of

past wrongs. Otherwise we may be

condoning acts of today's terrorists

who kill in the name of atrocities

that were committed generations.

even centuries, ago. Should modern

Europe march on Rome for what Caesar did in 49 B.C.?

the U.S. character when he said

recently that V-E Day should be

celebrated as the day when "peace

began, instead of reawakening the

passions of (that) time." Our stron-

gest virtues have been freedom, op-

portunity, generosity, humor, con-

cern for others, a spirit of

forgiveness and hope for the future. With these upbeat characteristics

we are not good at sustaining a bostile attitude for very long.

time to wipe the slate clean. The United States should not be a party to the self-demeaning, vindictive

spirit of running down every last

former enemy. In the last weeks of the war the Allies sent 1,000 bomb-

ers every 24 hours over Berlin, Sure-

ly, no matter which side was right,

those who lived through that terri-

ble period could hold only animos-

ity toward those who rained such

destruction on them. After the war

the ruins of the ravaged city were piled into huge mounds. Now those

mounds are parks. Grass, trees and

flowers grow, and children play there, and the bitter memories of

The writer is a professor at Pasa-dena City College in Pasadena, Cali-

fornia. He contributed this commen

the bombings are assuaged.

to the Los Angeles Times.

We may even take a lesson from a

accused after all these years.

And 40 years is long enough. It is

President Reagan exemplified

It seems reasonable to draw a

By George F. Will

free people who are resisting subjugation by armed minorities or by outside pressure." Mr. Reagan's policy was the Truman Doctrine after 38 years of Communist advance. An armed Nicaraguan minority, sus-tained by outside forces, is sovietizing Nicaragua as was being done in Eastern Europe in 1947.

The Soviet Union's Sandinist clients have no more right to rule Nicaragua than Vidkun Quisling had to rule Norway. Yet the world continues to speak of Sandinist steps toward Stalinism as "failings." The Sandinists are not somehow failing to implement democracy; those "failings" are premeditated successes.

Now that Congress has spurned the Contras, Communist dictators on four continents will know that Congress will not permit small inoculations, let alone quarantine.
The sum involved is \$14 million, 12

percent of the \$117 million the U.S. government had given to the Sandin-ist regime by 1981. Familiar voices are saying the usual things: that the United States "drove" the Sandinists into Soviet clutches. But in their first two years, the Sandinists received more aid from the United States than more than the Somoza regime received in its last two years.

During the Vietnam War, people eager to believe were encouraged by Hanoi to think that South Vietnam was experiencing an "indigenous peasant revolt" and that the ferment in Indochina was only cosmetically Communist. The Sandinists deny their U.S. protectors the comfort of that pretense. The Sandinists do not deign to disguise Stalinism at home. their "socialist solidarity" with the Soviet Union and their "revolution without borders" against neighbors. In 1947 Congress had fresh memo-ries of the terrible price paid because

of nonresistance to Hitler at the time of the remilitarization of the Rhine-land. Today the historical memory of many members of Congress consists entirely of Vietnam and its putative lessons. But congressional management of U.S. policy toward Central America — too little aid, too late; pursuit of the chimera of negotiated settlement with a regime that does not believe in splitting differences is a recipe for another Vietnam: an-

other protracted failure. Surely the Americans who should talk least about negotiated liberaliza-tion of the Sandinist regime are those Americans who, by trying to destroy the rebels, are removing the only seri-ous pressure on the Sandinists.

Today there are anti-Communist nsurgencies in Afghanistan, Angola and Cambodia. Americans opposed to the Contras favor a declaration of indifference to the only force that might enable Nicaragua to join Portugal, Spain, Turkey, Argentina and Honduras on the list of democratic nations that have risen from tyranny.

Mikhail S. Gorbachev, the Soviet leader, threatened Pakistan with reprisals if it continues to facilitate aid for the Afghan resistance. Now that Congress has spurned the Contras, how long will Pakistan resist Soviet pressure? Now that Congress will not the increasingly tinny voice of the United States will have decreased resonance in South Africa, the Philippines and other places where freedom is the issue at stake.

It is said that an optimist is some-one who believes his future is uncertain. Optimism about democracy, and not just democracy in Central America, is irrational now that, six months after a landslide reaffirmation of a president, Congress, acting in the name of fastidiousness, has removed the keystone of that president's foreign policy: support for democratic revolutions.

Washington Post Writers Group.

By Richard D. Lamm

philosophy in mind, I put forth blas-phemy: The United States should give no emergency relief to countries that are unwilling to adopt long-term economic reforms and programs to

While it is enough to "mean well," we also must "do good." I question whether the United States, in spite of

There are 535 million people in Africa. If population-growth rates continue on course, the continent will add 338 million more new mouths in 16 years. By the year 2020, there will be 1.2 billion people living on land that cannot adequately feed 535 million now. African farmers must feed about 20 million new mouths a year while U.S. farmers, with vastly more capital and fertile land, must feed only two million new Americans. Productive as we are, it would be impossible for the United States to feed not only its own new citizens but the Third World's new citizens, too.

happy scenario for Bangladesh, a 14 pregnancies; 60 percent of the women bear seven or more children.

Or try to write a happy scenario for

erty and grows 2 to 4 percent a year.

While the sub-Saharan African population is projected to triple in

will have expanded 4.5 percent, the U.S. population by 14.5 percent, Latin America's by 44.6 percent, Africa's by 65.9 percent. These rates are un-sustainable, even if we envision adding an international welfare load to the U.S. domestic welfare program. Our desire to help must be appro-priately and realistically directed. If America gives short-term aid without insisting that recipient nations take long-term action to limit population and reform their economies, we merely throw gasoline on a fire. It is true that cultural and language barriers may make it difficult to convince

once said that overpopulation is a cancer and that he had never heard of

short-term solutions. We must use thinking heads and bleeding hearts. In Ethiopia, the problem is more than a temporary shortage of food. Much of the land has been denuded.

"reciprocal altruism" in Ethiopia and elsewhere. If population growth is not brought under control, if selfreliance through economic development is not encouraged, we will merely multiply empty stomachs. We will have "meant well" and intended to "do good." But we will have done harm. We will have delivered a sentence of misery to future generations.

LETTERS TO THE EDITOR **Private Arms Funding** 

tion that U.S. citizens should privately fund military activities abroad is not such a bad one after all. How Don't Forget Dublin many would support the billions now going into the Middle East? Could Israel have invaded Lebanon without April 12) by Paul Lewis: U.S. aid and tacit agreement to the adventure? Does the American tax-

check to Washington to back place-ment of MX missiles in Europe, let alone send a soldier to Germany? If tried the economy would boom.

GEORGE W. HAMILTON.

Regarding the feature "Europe, Re-flected in Its Public Parks" (Weekend,

The feature succeeded in omitting any mention of Dublin's Phoenix Park, immortalized by Joyce and the largest enclosed public park in Eu-

rope, while including Copenhagen's delightful Trvoli Gardens, which is not classed as a public park.

As one who visited the Tivoli last year and took 28 other councillors from London Boroughs on a con-ducted tour of the Phoenix Park, I must protest at what I suspect is an Anglocentric dismissal of Dublin as a European capital city,

Mr. Lewis may not be aware of it. but Dublin is one of the oldest capitals of Europe and the Phoenix Park one of its great parks.

GERY LAWLESS. London.

# Linking Third World Aid To Population Control

control population growth.

its best intentions, does good by merely giving temporary relief to Ethiopia and nations in similar circumstances. Sadly, neither America's grain bins nor its pocketbooks can keep up with the demographics of starvation, in Ethiopia or elsewhere.

Sooner or later, Third World countries must come to grips with their population pressures. Try to write a poverty-stricken country with 96 mil-lion people crowded into an area the size of Iowa: The average woman has-

Egypt, which will have 60 million people to feed by the year 2000 from an agricultural land base that shrinks 600,000 acres (240,000 hectares) a year. Try to paint an acceptable pic-ture in the Third World generally where more than 40 percent of the population under age 16 lives in pov-

DENVER — George Bernard the next 40 years, populations elsewhere in the world will burgeon, too. By the year 2000, Europe's numbers

other nations that population control must be part of the solution, that economic development will make a difference in their lives. But if we do outerence in their lives. But if we do
not attempt to initiate long-term solutions, we will only perpetuate the
cycle of hunger. We will only be keeping the hungry alive long enough to
produce equally hungry offspring.
The late Alan Gregg, a vice president of the Rockefeller Foundation,
once said that overnooulation is a

Minderitus

The same of the same

a cancer that was cured by feeding it.
We must insist that long-term solutions are in place before helping with

Vegetation now covers 4 percent.
The United States should insist on

The writer is a Democrat and governor of Colorado. He contributed this comment to The New York Times.



# E!

AFGHANISTAN

THE SANDINISTS SHOULD LET THE FREEDON FIGHTERS INTO THE GOVERNMENT

NICARAGUA.

ed Unwisely

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nd Cambodia. Americans oppoo the Contras favor a declaration addifference to the only force night enable Nicaragua to jon h. ugal, Spain, Turkey, Argenting of demonstration lations that have usen from hize Mikhaii S. Gorbachev, the Soc zader, ihreatened Pakisian maa risals if it continues to facilities or the Afghan resistance. No de longress has spurred the lines ow long will Pakistan rest fea ressure? Now that Congressing ountenance support for the (comhe increasingly unny voice of 2 'nited States will have decreased mance in South Africa the Piles ines and other places wherelimin

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emocratic revolutions. B'askingen Post Wines inc

# World Aid on Control

D. Lamm

here in the world will burgen it y the year 2000. Europe's men all have expanded 4.5 percal. S. population by 145 pensil America's by 44.6 percent 4in y 65.9 percent. These rate #5 ustainable, even if we couse eg an international weight inie U.S. domestic welfare press Our desire to help must be st riately and realistically draw merica gives short-term ad sing. esisting that recipient nations ong-term action to limit populand reform their economic terely thron gasoline on a fact ue that cultural and language is may make it difficult tooms ther nations that population is used by part of the solution to part of the solution is conomic development will be a solution of the solution of the solution of the solution is a solution to the solution of the solution o ifference in their lives But for of others to music be the itions, we will only perform the hunger, alreading the hunger, alreading the free reduce equally hungry office.

The late Alea Trans a vie for The late Aian Green 1 12 Feb. 1 12 F ancer and that he had not being cancer that was cured by fedge. We must insist that long must one in place before being a place before being a long term of solutions. We have nert-term solutions. We a unking needs and elections

In Ethiopia the problems in a temperary shorter during the first shorte egoldion how covers a partie. The United States should be stated in the Country of the Country o reciprocal altrusm in Eligible The United states in the control of The writer is a Democratical of the or Colorado, He commission of the or the colorado, He colora

# Vicaragua 51 Are Killed In Weeklong **Tribal Riots** In Karachi

KARACHI, Pakistan - Armed troops accompanied by garbage collectors have been scouring the narrow back streets of Karachi's Orangi area for victims in a week of rioting that already has claimed 51 lives and injured 250 persons.

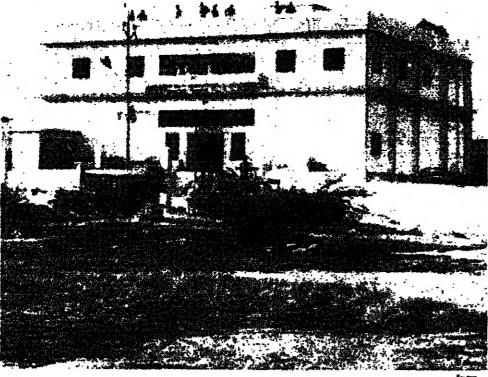
Troops have found at least seven rotting corpses in open sewers. At least two of the bodies were decomposed beyond recognition, an ampulance driver said.

The unrest began last Monday as a protest against reckless driving after a female student was killed by a minibus. It turned into a demonstration against police and then erupted into clashes retween residents and members of the Pathan tribe from northern Pakistan, many of whom drive buses in Karachi.

It was difficult to get precise ca-sualty figures from residents. Two persons were stabbed to death on Saturday and at least six were injured as Pashtuns clashed with local residents, doctors at Abassi Hospitul said

Doctors at hospitals outside Orangi, a west Karachi shim area of about 500,000 people, said at least 35 persons were killed and 50 were injured Thursday and two persons were stabbed to death dur-ing a short curiew break on Friday. More than a dozen more were killed in other clashes in northern Karachi, which is now under con-

trol and under curfew. Authorities refused to comment on rumors that officials had ordered on-the-spot burnals to conceal the number of dead.



Pakistani soldiers guarding the police station in the Orangi area after a week of rioting.

Karachi's dense working-class district was scaled off from the rest of Pakistan's largest city by a tight troop cordon and a strict curiew.

Karachi newspapers carried only official statements after authorities pressured editors to ban the vivid accounts of noting they had been publishing, editors said. The government also asked newspapers not to publish photographs of the dis-

It appeared that several thousand Biharis, the Urdu-speaking residents, and Pashtun migrants from the border near Alghanistan, were fighting in the streets Thurs-

Orangi residents said that rival groups fought on Thursday with axes, iron bars, daggers, guns and crude bombs

Witnesses said several Biharis, who came from what is now Bangladesh after opposing the creation of a new state there, made bombs by filling the hollowed leg bones of cows with explosives, nails and

Several of the bombs were thrown into crowds of Pashtun workers, the witnesses said, blasting bits of bone and metal into the bystanders and usually killing one

One Pashtun set fire to a Bihari-owned towel factory only 100 meters (328 feet) from a police station bristling with troops and constables ordered to shoot looters and arsonists on sight,

As the rifles were trained on him the arsonist surrendered. He said that his brother had been killed by Biharis.

More than 1,500 troops and 1,000 riot police patrolled the sprawling area.

Knots of women, children and old men stood at street corners some with bundles of valuables begging passing troops to take

them to safety.

# Ethiopia Is Said to Hide Cholera Epidemic

By Blaine Harden Washington Post Service ADDIS ABABA, Ethiopia - A cholera epidemic has broken out in

the Korem feeding center in the Ethiopian highlands, killing 20 people a day, the French administrator of the camp has said in the face of Ethiopian denials. "Right now, I have 50 new cases

a day and if I don't act very quickly in the next few days, I won't be able to avoid a disaster," said Domi-nique Leguillier, of the French voluntary relief organization. Doctors Without Borders. His statement Friday, the day of

a meeting here between Ethiopian officials and aid donors from around the world, came after five months of rumors from relief allicials that the highly infectious disease has broken out in several of Ethiopia's famine relief centers.

The Ethiopian government has refused to acknowledge the exis-tence in Ethiopia of cholera, which causes severe diarrhea vomiting and dehydration. The disease is sumple to cure out is nig gious and can cause a high rate of latalities unless the patient is

promptly treated. Government officials maintain that the victims in the feeding camps are simply infected with

'acute diarrhea." While insisting on that distinction, the government asked donors-Friday for an emergency airlift of "urgently needed medical items" of the kind that are normally used to great infectious gastrointestinal dis-

The World Health Organization in Geneva last week sent an infectious disease expert to Ethiopia to look at possible evidence of chol-

[In Somalia, an outbreak of cholera in a UN camp for refugees from Ethiopia killed 1,600 people in three weeks, The Associated Press reported. A UN spokesman in Geneva said that the outbreak has

tapered off. Five months of behind-thescenes bickering over medical se-mantics was brought into the open at the donors' meeting when Mr. Leguillier addressed Dawit Wolde Giorgis, commissioner of the gov-ernment's Relief and Rehabilita-

### **Union Carbide** Doesn't Rule Out **Bhopal Sabotage**

tion Commission.

NEW DELHI — Union Carbide Corp.'s Indian subsidiary has not ruled out sabotage in December's poison gas disaster at its Bhopal pesticides plant that killed more than 2,000 people, the Press Trust of India reported Sunday.

The news agency quoted a written statement from Union Carbide India Ltd. to the official commission inquiring into the leak. The statement said that the disaster was probably caused by water sceping into an underground storage tank but that it was not possible yet to

say how the scepage occurred. It may have occurred either in spite of all the prescribed precautions or by unauthorized, deliberate or madvertent act of someone, the statement said, adding that all safety precautions were taken to avoid accidents at the plant.

The Indian government is suing the Indian company's U.S. parent on behalf of victims of the disaster. The New York Times quoted an Indian official as saying Friday that the government had stopped negotiations for an out-of-court settlement on the ground that the company offered an unacceptable figure of \$200 million as compensation for the Bhopal accident

I have 20 deaths a day because of a disease that we cannot name."
Mr. Leguillier said. "I am importing medicines and I have to lie about the name of the disease." Mr. Dawit then asked the French relief official what difference it

called acute diarrhea or cholera. "If I can tell suppliers that it is cholera, I can get the drugs much more quickly," Mr. Leguillier said. Diplomats and relief officials

made whether the disease was

speculate that the Ethiopian government has been unwilling to use the word cholera because of fear that news of the disease will scare off buyers of Ethiopian coffee and meat, which are major sources of hard currency for the government. Doctors say that fear is largely groundless. They say the disease is carried primarily by the water sup-ply in places such as the feeding

camps where large groups of people lack adequate sanitation facilities. "You will make medical history if you manage to acquire cholera through your collee," said a doctor,

be identified. Echoing off-the-record remarks of officials from two other major relief agencies, Mr. Leguillier said in an interview that it was vital that the disease at Korem be called cholers so that the camp could be quarantined and medical investigators brought into Ethiopia to track down the source of the disease.

"It is cholera and we should call is cholera so we can isolate people at Korem," Mr. Leguillier said. He said cholera was first diagnosed at Korem about two weeks ago based on expert knowledge of the disease's symptoms and not on a laboratory test. The Ethiopian government says that many dis-

eases are similar to cholera and that, lacking laboratory proof, there is no reason to declare a cholera emergency.

Without quick action, Mr. Leguillier said, the disease will increase by hundreds of cases daily among the 25,000 famine victims at Korem. Emergency quarantines are also needed at two feeding centers near Korem - Alamata and Kobo - to head off an outbreak of cholera that threatens about 45,000

He said that Kobo had 40 new cases of the disease daily, according to a recent report, and that 1,000

people there, Mr. Leguillier said.

cases have been reported at Alamain, with 100 deaths.

Mr. Leguillier said he decided to sneak out about cholera because he knew of no other way to speed medicine to Korem. He said that the Ethiopian government might expel him. Other relief officials have said they refuse to speak out because they fear expulsion,

"There are 20 people dying every day and the best thing I can do to help them is speak out," he said,

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# Army Cuts Suggest a New Push by Deng

By John F. Burns

BEIJING - The announcement that China is to cut its armed forces by one million men by the end of next year is a sign that allies of Deng Xiaoping have regained momentum after a period of political uncertainty, Western diplomats

The reduction in military personnel, amounting to nearly a quarter of the army's strength, is seen as one of the boldest steps in Mr. Deng's drive to modernize the country. The 80-year-old leader has long maintained that the vast miliestablishment must be pared to relieve the burden on the civilian

The political sensitivities involved were suggested by the way in which the announcement was made, Hu Yaohang, a close asso-ciate of Mr. Deng who is general secretary of the Communist Party, revealed the cutback Friday in New Zealand, where he was on the second leg of a five-nation South Pa-

There has been no report of Mr. Hu's remarks in the main party publications. But the accuracy of the reports from New Zealand ap-peared to be confirmed when the

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agency, carried an item from Wellington, the New Zealand capital, quoting Mr. Hu as saying that China is to cut one million troops

strength of 4.2 million, diplomats say, Mr. Deng must have broad confidence in his political position. last three months by the corruption and bungling that enveloped the economic changes promoted by Mr. Deng. Prime Minister Zhao Ziyang has acknowledged that serious mistakes were made in carrying

Mr, Deng himself appeared to be

associates appear to have given a clear signal of their primacy.

from the army this year and next." To cut that deeply into the army Doubts had been raised over the

out the changes, and hard-liners in the party have questioned the advisability of allowing too free a rein to "bourgeois" influences, such as foreign investment and free enter-

on the defensive. But by pressing forward with radical manpower cuts in the armed forces, he and his

From its inception as a revolutionary force in 1927 until recently, the People's Liberation Army was regarded as a bulwark of the views

for Mr. Deng since gaining control of the party in 1978.

The army, which is a three-service force, with ground, air and naval wings, has already had to accept cutbacks. With the exception of 1979, when the brief border war with Vietnam swelled costs by about 52 billion, there has been continual restraint on its budget.

Mr. Deng has cast aside Maoist precepts of "people's war," empha-sizing vast manpower and guerrilla tactics, and has stressed modern techniques of conventional warfare, professionalization of the officer corps and more sophisticated weapons. To achieve this, China has al-

ready made deep cuts in the officer corps. Overall manpower levels had been sharply cut before Mr. Hu's announcement of the new reduc-

Where the new cuts will be made has not been announced, but Western military attaches said they were almost certain to come in the heavily staffed support echelons, rather than in combat units.

to the north and about 36 Vietnam- would broaden Mr. Deng's politiese divisions to the south, China's cal leeway, associated with Mao Zedong.

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English-language service of the Overcoming military resistance to combat arms are already stretched. Ninhua, the official Chinese press change has been a major concern Combined Chinese strength on the change has been a major concern Combined Chinese strength on the two frontiers is said to be about 1.2

A Western diplomat said the cutbacks appeared to confirm the determination of the Chinese leaders to limit hostilities with Vietnam to the limited pattern of cross-border shelling and infantry skirmishes that has prevailed in in the dry season now ending.

The diplomat said the move also underlined indications that Chinese leaders might be preparing for a mutual reduction of forces with the Soviet Union, an issue on which there has been no progress in negotiations so far.

But the most important consequence could be in domestic politics. For six years, Mr. Deng has been maneuvering to reduce the political influence gained by the forces under Mao.

If the personnel cuts lead to sharp reductions in the military garrisons in cities like Beijing and Shanghai, as seems likely, there could be a further downgrading in the army's political power and a parallel enhancement of civilian With at least 60 Soviet divisions authority, a development that

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# **Banking System** Steps Up Plans To Back Deposits

By Barry Came

ROME — Italy's banking system, despite a marked reluctance on the part of bankers, will soon be buttressed by a plan to guarantee the security of depositors funds.

For a country where financial institutions continue to suffer from the effects of the Banco Ambro-siano collapse, the development is perhaps no surprise. But when taken along with a number of complementary trends, it signals another tentative step in the direction of dragging Italy's cumbersome, even archaic, banking structure into line with the standards and practices of most of the rest of the industrial-

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ized world.
"I wouldn't dare describe it as a wind of change," one linancial analyst said, "but certainly there is a new breeze in the air."

The first attempt at a form of deposit insurance, in itself remark-able in view of Italy's recent record of bank failures, is an example of change. There are others, including the effort to create merchant-banking legislation, the rapid expansion of "near" or "para-banking" activities, the rapid growth of the new mutual funds, the refinement of a widening range of up-to-date client services and the first real effort to breathe life into the underutilized stock exchange.

Barring any last-minute set-backs, Italy's banking system should have its first official instrument for guaranteeing deposits in place within a few weeks. According to officials at the Banca d'Italia, the central bank, the plan is "in an advanced stage of preparation" and "will be finalized shortly."

Although the actual mechanics have yet to be fully disclosed, it will involve the creation of a special fund to be set up and administered as a separate entity by ABI, the Italian Banking Association. Membership, in theory, is voluntary; in practice, however, the competitive pressures on any bank that chooses to opt out, thereby depriving cli-ents of security for their deposits, are likely to mean the widest possible participation.

Ironically, it has been the bankforefront of resistance to the pro-

Unlike most of the other indusguaranteeing deposits. At the same time, no depositor in the postwar years has lost funds as a result of

From the bankers' point of view, the disagreeable element in the new plan is that it is going to be the banks alone that will linance it. The central bank's main role will be reduced to that of simply offering technical data and advice, most probably through a representative who will sit on the executive com-

mittee of the ABI-managed fund. There is no doubt that we need some kind of deposit guarantees but I'm not convinced that it should be the banks that have to pay for the whole thing," said Bru-no Brovedani of Bru-Brovedani, of Banca Nazionale del Lavoro, Italy's largest bank.

Whatever the drawbacks, the prime advantage of the proposal is the flexibility that it will introduce into a system so rigid that intervention in a banking crisis is not per-mitted until it is too late — when there is an outright insolvency. The Banco Ambrosiano affair is a case

Flexibility is the key as well in the current effort to provide a legis-lative framework for merchant banking, a type of financial activity that is just beginning to make itself felt in Italy. The concept has taken hold since the governor of the Bank of Italy, Carlo Azeglio Ciampi, first proposed two years ago the devel-opment of merchant-banking activities to help medium-sized firms grow bigger and pave the way to-ward stock-exchange listing.

A number of the country's leading financial institutions engage in some form of merchant banking, providing promising small and me-dium-sized companies with financial services and taking a temporary stake in them with an ultimate view to launching them on the stock market. These practices are similar to those performed by the state-owned Mediobanea for large, established Italian concerns.

The business, however, is not likely to become firmly entrenched until the country's politicians act to remove the uncertainty over the future of Italian merchant banking. Several draft proposals to regulate the activity of merchant banks have been presented in parliament but, to date, there is no indication as to ing community that has been in the the precise form the legislation may take - or, more to the point, when it may finally be enacted.

Two particularly booming areas trialized economies, Italy does not in merchant banking are in factorpossess any official mechanism for ing and lease/purchasing. The overall turnover for factoring companies, the majority subsidiaries of the leading banks, reached \$5.26



A close look at the board of the Milan Stock Exchange.



Bettino Craxi



A supermarket in Milan abounds with goods.

In the effort to compete, Italian banks continue to refine their client services, a move that took a giant step two years ago when the highly advanced Bancomat cash-dispenser system was introduced. Following this move, there are now plans for a national bank credit card based on the Eurocard, as well as

But the most spectacular development has been the introduction of mutual funds. Since the concept was approved late last year, close to 20 funds have been launched and it bank failures because the government, operating through the central bank, has fulfilled a moral obligation to protect deposits in a system that is 80-percent state-owned.

billion last year, compared with is believed that up to 30 more are in the planning stages. The mutual funds have proved highly popular among small Italian investors, who than 30 percent in 1984. The top 43

companies surveyed by ABI wrote as the world's leading savers. On a total of 70,870 contracts worth average, Italians save from 20 to 22 percent of their after-tax income.

According to preliminary statis-tics compiled by the Bank of Italy, the new mutual funds were collecting 1.5 trillion lire (\$750 million) per month during the first three months of the current year.

If the trend continues, it could greatly facilitate parallel plans to invigorate the moribund Milan stock exchange, where 90 percent of the country's market is located. At present, there are only about 160 stocks listed on the exchange, with a total capitalization of \$21 billion, compared with the 1,685 stocks worth \$1.578 trillion listed in New York.

The main problem with Milan to

fill. It was with this aim in mind that the Italian Senate recently sent a committee to New York to investigate the procedures used to regulate and supervise Wall Street.

Even the optimists, however, agree that Italy has some way to go before Milan becomes a truly active bourse. Long before that, something will have to be done about the huge public deficit. which is expected to reach 96 trillion lire this year, amounting to 15

Since 95 percent of the government's deficit is financed domestically, it is almost certain that once again this year almost two-thirds of Italy's gross domestic savings are going to be consumed by the state. This does not leave much for the date has been the lack of institu-lialian banking system, no matter tional investors, a gap that a flour-bow strenuous the effort to mod-ishing mutual-fund activity would erazze.

# Economy Has a Relapse After a Healthy 1984

By Uli Schmetzer

ROME - It was a bitter winter in Italy. The severe cold damaged crop prospects, while labor and po-litical strife hurt chances of further economic recovery. By spring, even optimists realized that after a fine performance last year, the economy was slipping back into its familiar bad habits.

Inflation has not dropped once this year below the 8.6-percent level of 1984, while price increases

have averaged I percent a month, according to the Bank of Italy. The huge budget deficit gallops on releatlessly in tandem with high interest rates. Labor is restless, irritated by government efforts to further weaken the scala mobile, the wage-indexation system devised as a cushion against inflation al-though often blamed for having the reverse effect.

Confindustria, the employers' association, wants concessions from trade unions on greater labor mobility and more ample wage differentials. And the Communist Party holds a time bomb with its successful call for a referendum on government limitations to the scala mobile. The result could be a period of labor unrest.

It was no surprise, then, that dur-ing their annual spring visit in March, officials of the International Monetary Fund diagnosed that the patient was deteriorating after undergoing a successful operation last year, when gross domestic product rose by 3 percent. Their prescription: another front against inflation, labor costs not

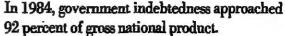
above the projected 7-percent inflation rate, a vigorous tax-collection campaign, cutbacks in ambitious health and pension programs and, only as a last resort, a further rise in interest rates.

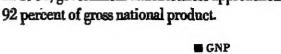
But such remedies require bold and decisive government action. And with local elections coming up on May 12, the five-party coalition headed by the Socialist prime minister, Bettino Craxi, is fighting for survival with its hands tied, as each party blocks initiatives of the others, afraid to give away advantages at the polls.

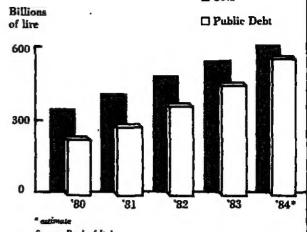
"I'm all in favor of democracy," said one of Italy's leading economists, Luigi Spaventa, "but I wish there were fewer elections."

Economists also wish the deficits would diminish. The balance of payment on current account is 5 but also often turned losses into trillion lire (\$2.5 billion) in deficit. profits.

**Growing Public Debt** 







percent in volume compared with 3.9 percent in 1983) helped service an external debt that doubled to over \$50 million at the time of the

Still, in Italy, prospects always look worse on paper than in reality. The country simply refuses to be gauged by the norms applied to other nations.

If the Italian economy continues to enjoy remarkable foreign confi-dence and good credit rating on the Euromarkets, it is partly due to the belief that Italians will always find a way to arrangiarsi, or improvise a solution. The other reason for the confidence, more tangible, is the success of private industry and, to some extent, state-run enterprise.

Industry is buoyant on improved productivity, particularly in those sectors that had the courage to embark on new technology. The upswing was aided by a 4-percent increase in investments, almost all of it spent on new plant and machinery, cuts in labor costs and an aggressive marketing policy, which not only conquered new markets—the means: For the first time in 11

On the other hand, the favorable dead weight of the government's chronic budget deficit. It was continued States by 69 percent, although exports to the European Community fell as the result of an appreciated lira (1.5 percent) against the current of gross domestic against the positive achievements of industry is the dead weight of the government's chronic budget deficit. It was continued at 93 trillion lire last year to the gross domestic against the current of gross domestic against the current of gross domestic against the positive achievements of industry is the dead weight of the government's chronic budget deficit. It was continued at 93 trillion lire last year to the gross domestic against the current of gross domestic against the positive against the positive against the positive against the positive against the gross domestic against the gross dom

pean Monetary System. The increase in exports last year (up 5.8 the average in the seven biggest

industrial countries. The gap between revenue and spending is plugged with public borrowing. Today, the state uses an estimated half of all personal savings to finance itself through treasury bonds. These are the most popular investments for Italians, at least while they remain convinced their government can honor them. The state's appetite for money

keeps interest rates high, which in turn makes money expensive for industry. The demand for more money by the state is prompted by the financial needs of an elephantine public sector. Although inefficient and overstaffed, it does ensure the political status quo. Tampering with its wages or num-

bers is not in party interests. Rather than tackle this "privileged class," Mr. Craxi's administration, in its efforts to reduce inflation, went for the scala mobile whose main beneficiaries are in the lower-income bracket and thus apt to vote for the Communists.

Still, the result seemed to justify years, inflation dropped in 1984 below double figures to 8.6 percent, from 12.6 percent in 1983. Today, however, economists

think that the achievement was due more to a decline in the price of imported raw materials than to any tailoring of the wage escalator. This assessment appears more

plausible seen in the context of cur-(Continued on Next Page)

# Private Television Growth Changes the Media Scene

By Sari Gilbert

ROME - The advent of private television in Italy during the last several years has radically changed the tastes, listening habits and evening activities of millions of Italians.

With dozens of private stations flanking RAI, the three-channel state network, in most major cities, viewers are being spoiled by a range of choices unknown in many other Western countries. And much to the detriment of the Italian movie industry, people are being enticed by a rich diet of films, variety shows and American serials into spending their evenings at home, in front of

But if this "small-screen" revolution has turned Italians into avid stay-at-home followers of "Dallas" and "Dynasty," it has also had an unprecedented effect on Italian marketing economics. During the last four years, the Italian advertising market has exploded, with total investments in TV commercials soaring from \$166.3 million at the end of 1980 to \$891 million at the end of 1984. Most of the increase has been due to the dyna-

mism of four stations, which, because of their de facto nationwide broadcasting range, have won the right to call themselves networks, although they still do not transmit live. These stations, through astute and imaginative programming, have be-come so popular that last year net advertising revenues generated by Canale 5, Italia Uno and Retequattro, all of which are now owned by Silvio Berlusconi, a Milan entrepreneur, reached over \$345 million, compared with the half-million dollars earned by Mr. Berlusconi's first local station. Tele Milano, in 1979.

Euroty, the network owned by Callisto Tanzi, a Parma dairy producer and exporter, earned another \$70 million. All other local and private TV stations together brought in an additional \$80

In contrast, RAI, which cannot exceed an advertising ceiling set yearly by parliament, earned \$220 million, about a third of its budget needs, with the rest provided by the \$350 million brought in by the viewer subscription fees charged to all Italian tele-

vision owners.

The political strength of the private stations' new advertising empire was demonstrated last fall, when three magistrates in different parts of Italy ordered Mr. Berlusconi to stop broadcasting. They said the system of 80 relay transmitting stations that allowed his stations, in effect, to make nationwide broadcasts contravened a 1976 supreme court ruling that only the state network had that right.
The blackout galvanized the government, led by
Prime Minister Bettino Craxi, who is believed to be a fan of Mr. Berlusconi's, into action; a six-month emergency decree legalizing the new stations was rapidly produced.

Ratings statistics make it clear that in the four years that they have been operating at full steam, the private networks have carved out an impressive niche. According to Enrico Vergani, director of marketing for the Berlusconi group, on an average evening the three stations now capture close to 50 percent of Italy's 27 million prime-time viewers. Understandably, the current situation has de-

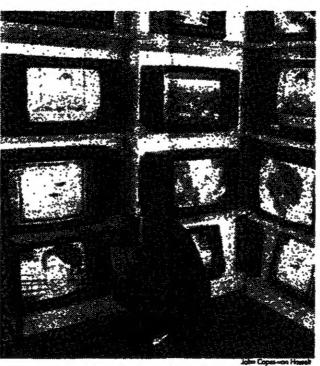
The situation has delighted advertising agencies and advertisers ... Less happy are those Italians who for ideological reasons oppose the consumerist slant of much advertising, as well as movie producers and newspaper publishers.

lighted advertising agencies and advertisers, who in the past were frustrated by the legal restraints that limit RAI in terms of total advertising time

Less happy are those Italians who for ideological reasons oppose the consumerist slant of much advertising, as well as movie producers and newspaper publishers. Nowadays, more money, roughly 570 million a year, is being spent to produce commercials than to make feature films. Another result of the current trend is the gradual

about 60 percent of total advertising revenue in 1980 to just over 42 percent at present. Originally, the RAI ceiling, which last year was set at 543 billion lire (\$271.5 million) and is expected to be increased by 7 percent for 1985, was (Continued on Next Page)

shrinking of the share of advertising going to the investment-starved Italian print media, down from



A variety of channels to choose from.



A newsstand in Milan.

## **Expanding Economy Attracts Investors From Abroad**

By Dalbert Hallenstein

MILAN - Italy's expanding economy is attracting a record number of foreign investors. In the past two years, 52 major foreign corporations have bought a controlling or significant interest in Italian companies, and in the last year alone at least 20 companies moved in, spending an estimated 1.5 trillion lire (\$750 million).

Yet, despite a remarkable fall in 1984 in the number of hours lost through strikes — the lowest since 1952 — and an investment return rate far above the European average, foreign companies are begin-ning to feel uneasy about the future. The disquiet has been caused by a Ministry of Industry proposal to impose limits on foreign invest-ment in Italian companies, while comments in the press refer to "in-dustrial colonization" and "a multinational takeover."

Worries of this type do not seem to have significantly stemmed the flow of foreign capital into Italy, however. Last month, the Aga Khan bought out a controlling interest in the CIGA hotel chain for at least \$80 million, and Fiat and Ford are studying cooperation that could take the form of a joint venture or a shift of capital.

The Banca Nazionale di Lavoro, Italy's largest trading bank, esti-mates that there are about 1,000 foreign-controlled industrial firms operating in Italy and that they employ half a million people, 7 percent of the industrial labor force.

In 1978, the number of foreigncontrolled firms was fewer than 600. The 1970s were years of gal-loping inflation, of terrorism, of soaring wage costs and high levels of absenteeism. In the mid-1970s, the average number of work hours lost through strikes was about 125 million; last year, it was down to 40 million. There was fear, too, of the increasing power and popularity of the Italian Communist Party. Many foreign companies decided

to pull out of Italy.

By 1981, the tide was turning.

Leftist terrorism appeared virtually defeated and the Communist threat was receding. The breaking of a five-week strike at the Fiat works in Turin dealt a blow to the unions and led to massive layoffs, followed up by the successful restructuring of Fiat, Olivetti and many other

"About 1981, Italy began to appear a very dynamic country," said Elido Fazi, an executive of Business International, a U.S. consultancy. "The economy was strong and somehow people abroad began finally to understand that, despite the Communists and their fluctuating successes, things in Italy do not change very much. Here, despite the seeming chaos, there is a deep-seated stability."

Besides the improving state of industrial relations, one of the main attractions for foreign companies, Mr. Fazi says, is the high rate of return on investments. According to the U.S. Department of Commerce, the rate on Italian investments in 1983 was 9.5 percent, against a European average of 4.7 percent. The highest was Ireland, with 22 percent; West Germany had 5.6 percent, Britain 3.1 percent, and France minus 1.7 percent.

The strong dollar and Italy's devaluating lira have also made the country's industries extremely at-tractive to foreign investors. Other attractions include a fall-

ing inflation rate, though still comparatively high at 8.6 percent, a successful attempt by the present government to cut labor costs by modifying the wage-indexing system and an impressive rise in the rate of productivity per unit of output, which last year rose by 7 per-

U.S. companies make up about

Foreign Investment In Italy (in billions of lire) Direct Portfolio

816 1,203 1981\_\_\_ 1,629 2.281 1,312 1982\_\_\_\_ 1,464 1983 \_\_\_\_ 2,499 Source: Bank of Italy

40 percent of the foreign firms operating in Italy, followed by Britain with 14 percent, Switzerland 14 percent, France 13 percent, the Netherlands 5 percent, and Sweden and Belgium 3 percent each. According to a recent report by the Banca Nazionale di Lavoro, a significant part of Swiss investments in Italy consists of Italian capital that was illegally exported during the 1970s and early 1980s and is

Seventy-five percent of foreign investments are in the industrial sector, particularly in pharmaceuticals, petrochemicals, food, engineering and electronics. The rest are in the service sector, in leasing, brokerage, accountancy and soft-

In some of the major foreign ven-tures over the past 18 months, West Germany's Allianz Insurance acquired 51 percent of RAS Insurance (Riunione Adriatica di Sicurtà) for close to 700 billion lire; AT&T of the United States bought 25 percent of Olivetti for \$260 million; Beecham (U.K.) took 83.3 percent of Zamberletti Pharmaceu-ticals for 100 billion lire; Dow Chemical (U.S.) acquired 90 to 99 percent of Lepetit Pharmaceuticals for 47 billion lire; Plessey (U.K.) took 33 percent of Elettrotecnica (military electronics) for 47 billion

lire; Glaxo (U.K.) bought 100 per-(Continued on Next Page)

### 'Scala Mobile' Escalates Labor's Identity Crisis

ROME — The Italian labor movement, traditionally a vassal of party politics, is undergoing an identity crisis.

- The three major trade unions are not only split over wage negotiations but also over the need for reform in labor relations to keep pace with the rapidly changing face of Italian industry and mutations in the composition of the work

The issue that finally precipitated a crisis was the scala mobile, Italy's controversial wage "escala-

For almost three decades the scala mobile was considered "untouchable." It was the pride of the trade unions, the bastion of workers' power, and neither government nor employers' group dared touch it. But during the last 14 months, the government has acted to limit the system, which was designed to

protect workers against inflation.
This bold step, taken by the Socialist prime minister. Bettino Craxi, was explained by the need to curtail inflation and labor costs to make Italian products more competitive on the international mar-

After a period of unusually stable labor relations, tampering with the scala mobile not only divided labor unions along political lines but also set the scene for yet another confrontation, pitting the Communist Party, the biggest in West-ern Europe, against "the rest."

Everyone took up predictable positions, even Italy's Red Brigades terrorist group. On March 27, it assassinated Enzo Tarantelli, chief economic adviser to CISL (Confederazione Italiana Sindacati Lavoratori), the trade union associated with the Christian Democrats. He was considered the architect of the project to water down the "es-

calator."
The assassination marked a period of unrest that began in February 1984, when Mr. Craxi's five-party coalition government, despite Communist opposition, reduced the protection of the scala mobile from 80 percent to 65 percent. In effect, this left workers with 6,800 lire (\$3.40) less per month.

The Communist Party collected 1.5 million signatures to force a

referendum. In January, the constitutional court ordered that the vote be held by June this year. The great bulk of workers, already convinced they were paying for the country's economic recovery, were further alienated when the court decided that. should the vote go against the government, employers had no obligation to pay back wage increases lost between the time of the limitation decree and the referendum.

By this time, the unions were bile payments, a decision to which deeply divided. The CISL and the Socialists' Unione Italiana del Lavoro backed the coalition govern-which the image-conscious Comment. They even agreed to a pro- munists are certain to be blamed. posal that would see the scala mobile applied once every six not so much the scala mobile or the months instead of the current three unpopular and expensive referen-

But the Communist CGIL (Confederazione Generale Italiana dei avoro) demanded a return to the old system and called for strikes. The referendum hangs over ev-

At stake in the war of attrition is dum, but changes in labor rela-

During the last four decades. wage differences between skilled and unskilled labor, between bluecollar and white-collar employees,

At stake in the war of attrition is not so much the scala mobile or the unpopular and expensive referendum, but changes in labor relations.

eryone like a Damocles sword. The have been eroded to a minimum government is afraid of the conse- The result has been worker apathy quences if the vote goes against it (a and lack of initiative. foregone conclusion). The coalitiou unions are afraid the result will further disrupt union unity and give the Communists an undesirable advantage. And the Commu- ers rather than having them imnists fear that their referendum will posed by the unions. In addition, boomerang because Confindustria, the employers' association, has ers from one city to another and the

ROME - The scala mobile, Ita-

ly's wage-indexation system, is cal-

culated on the cost of living of a

family of four in the country's 16

Revised every three months, the index is based on a basket of 89

basic products, including gas, elec-

tricity, transport, clothing and 10

types of fruit.
The family of four is considered

as 3.4 units. Each unit has the right

to a daily ration of 3,000 calories.

The husband is considered the only

full unit, the wife and two children

The difference between two con-

secutive indexes are points with

two decimals. (The average in-crease in the quarterly cost of living

in Italy over the last two years has

The first national scala mobile

agreement was signed in 1957 by

the three labor unions and Confin-

dustria, the employers' association.

But as far back as 1948, wage-in-

dexation systems had been applied

in some Italian regions to cushion

workers' incomes against the ef-

are .80 of a unit each.

been two points.)

But this is not the only issue on which Confindustria is challenging union prerogatives. The industrialists also want to choose new workthey want the right to move workthreatened to ignore the scala mo-right to ask that overtime be

lire and in 1982 to 6,800 lire (about

\$3.40), the current rate of calcula-

In the controversial decree

passed by parliament in February

of last year, the government decid-

ed to abolish the practice of round-

ing off decimal points. Instead,

decimals were carried over to the

next quarter. For example, if the

difference between two consecutive

indexes is 1.70, then only the equiv-

alent payment of one point, or 6,800 lire, is now added to wages, the remaining .70 being carried over to the next quarter. Under the

old system, the 1.70 would have

The Communist trade union,

Confederazione Generale Italiana

del Lavoro, complains, with some

justification, that the new system

not only deprives workers of valu-

able decimals (no more rounding

off), but delays by three months

part of the compensatory payment. The wage "escalator" has been

been rounded off to 2 points.

on the scala mobile if the unions agree to its own demands. It remains adamant, however, in its refusal to cut the 40-hour working week by two hours.

The public confrontation be-tween employers and labor is not without its renegades on both sides. They indulge in what Italians like best: their own private agreements.

This system allowed many indus-tries to shed an average of 7 to 8 percent of their labor force, with minimal conflict, after the restructuring of plants in the investment boom of 1979-1981. But while these companies reduced their work force, statistics indicate that the number of working hours actually increased as many workers, quietly and over the heads of their unions, accepted pay-raise "bribes" tied to

"Despite the cuts in the scala mobile, most workers last year had an actual wage increase of 11.5 percent, mainly due to private ac-cords," said Luigi Spaventa, an economist.

Unity on both sides is cracking. The question is who gives in first and under what terms

How the Wage-Indexation System Works payment of one point at 1.000 lire. heating fuel replacing coal) and rate for eigarettes, for example, is in a revised agreement in 1975, the many products, like lard and cer-based on the Nazionale brand, a

kept artificially at a low cost. The

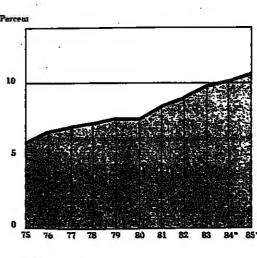
price of a point was raised to 2,300 tain types of grain, are no longer tiny cigarette, hard to find in any store and a third the price of for-Moreover, some products are eign and popular brands.

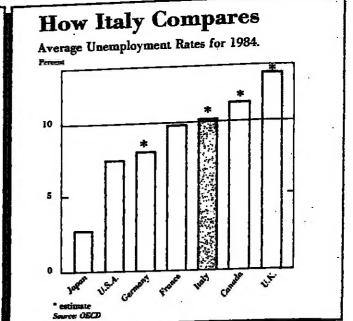
— ULI SCHMETZER



A new cash dispensing system in a Milan street.

### **Double-Digit Unemployment**





# Economy Has a Relapse After a Healthy 1984

(Continued From Previous Page) rent predictions. Despite the limitations on the scala mobile, experts say inflation will hit 9 percent or 10 percent and even the Bank of Italy thinks there is no chance to achieve the projected 7 percent for 1985.

At the same time, unemployment, now at 10.3 percent (2.5 million workers, not including those

erned by Rome, the other by private industry. Both have their own

Attached to private industry is the "black," or submerged, econo-my. This phenomenon, which never shows up in official statistics, accounts for an estimated 20 percent to 30 percent of gross national

tween workers and employers.

It is this invisible industry that often acts as a shock absorber for the system. It makes parts and components, from shoelaces, zippers and buttons, to nuts and bolis. It can be found in backyards, barns and private homes, often run by families seldom employing more than three or four people.

It does not worry about taxes. labor laws, strikes, social security payments or, for that matter, the many directives from Rome. It simply does the job for which it was

But it does quietly absorb many of the unemployed, provides sec-ond and third jobs for many people and allows private industry to contract out pieces of its production to avoid the drain of social security payments, the problems of a fixed work force and official labor regu-

When Finance Minister Bruno Visentini cast about for ways to replenish the depleted state coffers,

laid off on state pay), is climbing he set his sights not only on tax and so are labor costs, a fact largely evaders but also on this "gypsy adjust rapidly to change is Monte-

due to private "arrangements" be-His campaign found instant sup-"No doubt, the government port with the trade unions. The Socialist union, UIL (Unione Itaprompted too much optimism last year," said Mr. Spaventa. "People liana del Lavoro), even put up postare now beginning to look at things a little more soberly."

ers that said: "I pay taxes. How about you?" UIL also did its own But just as there are two Italys, research and published the names the north and the south, there are and incomes of alleged tax defaulttwo Italian economies, one gov- ers in what was quickly criticized as

"trial by union. The Visentini tax package went into effect in January this year. It abolished income splitting among members of one family engaged in the same business and made compulsory the registration of each family member engaged in the business. It also introduced "induc-

tive tax assessment," which gives tax inspectors new powers (and opportunities for corruption) to arbitrarily decide what an individual or business has earned if irregularities are discovered. The measures, which were ex-pected to extract 3 trillion lire in

new revenue, might stop (or at least reduce) the ludicrous situation in which bosses claim to earn less than their workers and lawyers and doctors earn less on paper than their receptionists.

Yet it will probably not be the tax collector but the modernization of industry into homogeneous units, with computerized machin-ery and a minimal work force, that will make the submerged economy

This "black" sector would have ceased to exist long ago were it not for the flexibility and creativity of an industry that has steered with success through years of wage inflation, labor unrest, political turfinding a way to survive.

dison, the leading chemical group, which streamlined its production, shed loss-making subsidiaries and

now appears set to make profits. The success story of the private sector has prompted the government to include in a little pruning of its own holdings, in tune with similar trends in Britain and West

IRI (Istituto per la Ricostruzione Industriale), Italy's largest state holding company, has jettisoned some of the less profitable of its 600 subsidiaries, which employ 4 per-cent of Italy's labor force, and intends to sell off part of its shares in such profit-making companies as Alitalia, the national airline.

But IRI and other state holding companies like the energy conglomerate, ENI (Ente Nazionale Idrocarburi), are saddled with priorities that are often more political than industrial. They amassed losses because they were required to rescue companies without a future, for political reasons. Management changes were frequent, so were charges of corruption; badly needed development funds often found their way into party pockets.

But under determined new managers, the state industries are becoming more functional and performance-conscious. "They no longer send the lame ducks into state enterprises. Times are changing," said one economist.

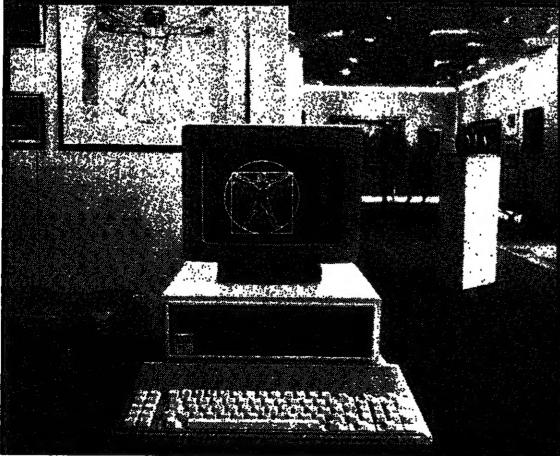
Gloomy as the picture often appears on paper, nothing is ever lost in a country where private entrepreneurs show a baffling capacity to avoid the evils of an inefficient and archaic political system.

Contradictory as it may seem, in moil and mounting debts, always this environment the individual flourishes — and even prospers.

### The bank that masterminds some of Italy's most enlightened businesses

fects of inflation and to assure reg-frequently criticized as outdated.

ulated increases in wages. Products in the "basket" have not changed since 1957 (except for



Olivers's forward-looking research led to their sophisticated M24 personal computer

The 20th century Italian genius Olivetti is an international entity whose network of interests encircles the globe and produces every conceivable variety of business equipment - and is even now conceiving more for the future.

With an organisation of Olivetti's scope it is natural that two thirds of its annual turnover should be in sales outside Italy - last year the equivalent of US\$ 1540.0m out of a total of US\$ 2440.4m. Olivetti is, like so many other distinguished,

of Cariplo, the

Lombardy-based savings bank which is now not only a powerful financial force in Italy, but is becoming increasingly involved in corporate banking around the world, and expanding its resources with clients like

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### Economy Is Attracting **Investors From Abroad**

cent of Italchemi Pharmaceuticals for 21 billion lire, and Electrolux (Sweden) acquired 49 percent (plus debentures) of Zanussi domestic appliances for 300 billion lire.

About half of the companies tak-

en over by foreign investors were already in bad financial shape. The acquisition by Electrolux of the ailacquisition by Electrolux of the ailing appliance maker, Zanussi, once the pride of Italy's surging "economic miracle" of the 1950s and early 1960s, caused widespread concern in union and political circles. Sixty percent of Italy's pharmaceutical sector (Italy is the fifth largest pharmaceutical market in the world) is now controlled by foreign companies, and many of the small and medium-sized high-tech companies that abound in tech companies that abound in northern Italy are being bought out by foreign companies. Although these companies are competitive and structurally sound, they are often beset with financial difficulties due to the high cost of money and the weakness of Italy's stock mar-

Politicians of both the left and center are beginning to express alarm that in certain vital sectors, such as advanced electronics and pharmaceuticals, the multination-

(Continued From Previous Page) abroad, endangering Italy's long-term technological development.

There is also fear that if the wave foreign takeovers continues unchecked, more and more vital deci-sions on industrial strategy will tend to be made abroad, with possible negative effects for Italy. Last October, the minister of industry, Renato Altissimo, a member of Italy's small conservative Liberal Party, proposed drafting a bill to limit foreign participation in Italian companies to 30 or 40 percent. Recently, he described his pro-posal as "similar to the German

antitrust regulations." Another prominent politician, Franco Foschi, a Christian Democrat and head of his party's social department, recently proposed even tougher

"These are already warning sig-nals," said Mr. Fazi of Business International, which organized a meeting of 60 of the managers of the largest foreign-controlled com-panies in Rome last month to discuss the problem. "The companier do take these signals seriously," he said, "but they are not unduly wor-ried. They realize that in the Italian setting such proposals take years and years before they become law and, in the meantime, both minisals are concentrating their research ters and their opinions change."

### Private TV Growth Changes Media

(Continued From Previous Page)

designed largely to protect the un-dercapitalized Italian press. "But the advent of commercial private television has made our ceiling largely meaningless," said Giuliano Adriani, TV advertising chief for SIPRA, the state-owned advertis-

But also perturbed are those Italians who object to the extreme "crowding" of commercials on the private channels. According to the interim decree law due to expire in

June, private-station advertising
can now legally reach concentrations of about 20 percent (12 minutes) per viewing hour and 16 per-cent of weekly broadcasting time. In peak viewing times there are frequent interruptions, with as many as eight to ten 30-second

The RAI statute sets an overall limit of 5 percent; currently, according to Mr. Adriani, total advertising on the state channels is only slightly more than 4 percent of to-tal broadcast time. But competition from the private stations is such that RAL too, has stepped up advertising taking an unprecedented half-time break for films and interrupting lengthy variety programs and talk shows.

The result of all this is a situation mercials in prime time.

unique in Western Europe. According to statistics compiled by UPA and ANIPA, Italy's two advertis-ers' associations, Italian television now offers between 410,000 and 430,000 commercial spots a year,

So far, the most vocal protest has come from the Communists and some Christian Democrats who would like limits on total commerwhen a permanent law is put on the books. Also angry are filmmakers unaccustomed to seeing their tore Scola, Luigi Comencini, Francesco Rosi and Lina Wert-

But for the time being, at least, Italian viewers appear relatively undisturbed by the advertising onslaught. According to officials at Publitalia, Mr. Berlusconi's marketing agency, they have set them-selves a 1985 target of at least 1.2 trillion lire in gross advertising revenue. But they expect to reach that goal more by optimizing the use of daytime ad space, encouraging advertisers to get away from seasonal ad campaigns and using greater in-centives to attract new clients than by increasing the number of com-

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pares for 1984.

an example of how industry ust rapidly to change a Mag on, the leading chemical for ich streamlined its produce ich streamlined its produce ich streamlined subvahance ich streamline subvahance ich subvahance i d loss-making subminance a appears set to make profe he success story of the page the success story of the properties has prompted the goes not to include in a butle properties own holdings, in time to its own holdings, in time to its own holdings in Britain and the

RI discussion per la Ricostano instusie) list i passas iding company, has jense ne of the less profutible of the rediance, which employ a if of Italy's labor force and ids to sell off part of its share th profit-making company italia, the national arine But IRI and other state tole mpanies like the energy of merate. ENI (Ene Name coemburn, are saddled subs ties that are often more pole an industrial They ame ses because they were repe rescue companies without re, for political reasons Many mt changes were frequent the charges of corruption; ke aded development funds & and their way into part poor But under determined bei gr ers, the state industries are ming more functional may rmance-conscious, "Ter; nger send the lame duck a ate enterprises. Times inche. Patro Sas sectioned Gloom) as the picture offer. rans on paper, nothing and a country where prome resear- show a halfager avoid the exits of an indicaad arcture posteral system

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## **Technology Sector** Making a Comeback

By Paul Bompard ROME - If Italy's traditional electronics industry missed the boat in the 1970s, it is more than making up for it now in the new fields that have opened up over the

last 10 years. While television and radio manufacturers have been all but crushed by West German and Far Eastern competition - and by their own inefficiency - in the more advanced areas of electronics there are Italian companies that are

healthy, growing and competitive.
The old industry never recovered from the labor and overstaffing problems of the 1960s and 1970s, said Giulio Senni, of the Associazione Nazionale Industrie Elettrotecniche ed Elettroniche, "Then the government delayed for years before choosing a TV color system, finally opted for PAL [the German system] and opened the door to imports.

But if this side of the electronics industry is in bad shape, with 4,000 workers drawing unemployment benefits, in the fields of sophisticated components, telecommunications, military electronics, radar and air-traffic control and, in the case of Olivetti, in small computers and data-processing machines, business has been booming.

Much of this success has come from the state-controlled STET group of companies, partly because of a growing trend to have these companies managed by dynamic, private-style administrators on principles of efficiency rather than the old system of keeping costly, unproductive state companies alive at all costs.

One of the stars is SGS Ates of Agrata Brianza, near Milan, a producer of semiconductors.

In 1980, after years of deficit, SGS, a STET company, was put into the hands of Pasquale Pistorio, a Sicilian who left Motorola in the United States to take over the job. in five years, SGS has become Europe's third producer of silicon chips after Philips and Siemens. It is, however, first as an independent

About 83 percent of the company's products are exported, and a contract was recently signed to supply international Business Machines Corp. with components. According to Franco Morganti, of Reseau, an independent research company in the electronics field, "SGS makes bipolar integrated circuits better than anyone

For 1984, SGS profits were 25 billion lire (\$12.5 million) on sales of 572 billion lire. It was about 50 billion lire in the red in 1982 and only just broke even in 1983. Another thriving company of the

STET group is Italtel, specializing in equipment and systems for tele-communications. In this case, the company was turned over in 1981 to Marisa Bellisario, who came from Olivetti.

Another STET company, Selenia, is a leading producer of mili-tary electronics, equipment for air-traffic control, radar, defense systems and flight simulators. In 1984, sales rose to 579 billion lire, from 478.5 billion in 1983, and the company exported 65 percent of its

But the current boom is by no means restricted to state-controlled companies. The remarkable recovery of Olivetti has become one of Italy's industrial legends. In 1978, Carlo de Benedetti took over a weak manufacturer of typewriters and office equipment that seemed doomed to become an industrial failure, Since then, Olivetti has almost tripled its sales and become Europe's foremost producer of electronic-office and data-processing equipment, not to mention a compensive range of small comput-

The recent sale of 25 percent of Olivetti's stock to AT&T of the United States should, through the acquisition of new technology and the opening up of the American market, make the Italian company a still more formidable internation-

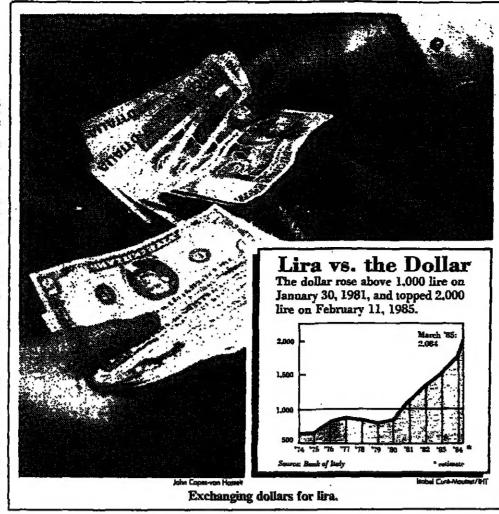
Of the medium and small private companies, many are healthy and competitive, even if they operate in limited sectors. A good example is Contraves, based just outside Rome, which produces and exports a wide range of electronic military equipment, a field in which Italian firms are traditionally active.

The area outside Rome along the Via Tiburtina has acquired the nickname of "Tiburtina Valley" because of the large number of such firms that have sprung up there recently.

Today, the Italian electronics in-

dustry employs more than 200,000 people, about 80,000 in the ailing raditional sector and 120,000 in the new fields. Together, they produce goods worth about 12 trillion iire, considering only what can be strictly described as electronic. Of this, roughly half is exported, but imports are about 30 percent higher, with a particularly negative balance in informatics at one end of the industry and radio and television at the other.

try," says Mr. Morganti of Reseau, "has a number of specializations that are absolutely competitive on contrasts radically with Fiat's situan international level. Where we ation five years ago, when growing are behind is in medium and large



### Fiat Turns Slowdown Into Speedup

rope." The high-profile slogan, dis-played in showrooms and newspaper ads, sums up the élan and confidence felt these days by officials of this giant, private Italian car manufacturer, which, despite notable market softness through-out Europe in 1984, continued what most observers in Italy agree is a remarkable return from the edge of the grave to industrial and

The Turin-based colossus, (230,000 employees, about half of whom work in the auto sector) owned by the Agnelli family and run by a team of hard-nosed managers and technocrats under the leadership of the managing director, Cesare Romiti, currently produces 1.27 million cars a year, equal to more than 80 percent of total Italian automobile production. Improved labor relations, rationalization of production, sales and finance, and massive invest-The Italian electronics indusments have combined to make the future bright. The current situation

ROME - "Fiat: First in Eu-losses in the car sector plagued the success of the Fiat Uno, currently

As the Fiat chairman, Gianni Angelli, put it, 1984 was a "bullish" year for the company. Although demand in Europe fell by an average of 2.5 percent, Fiat Auto SpA, which today means Fiat, Lancia, Autobianchi and Ferrari, was able to substantially maintain or improve on its 1983 market shares, selling new cars to 54.3 percent of the Italians who bought them (1983, 55.4 percent) and grabbing a No. I one spot in Europe (Spain excluded) with 13.3 percent of sales. In 1984, Flat sold 1.5 million

cars worldwide, with 930,000 of

them in Italy. Total sales by Fiat Auto SpA at the end of 1984 increased slightly to \$6.3 billion, equal to about half the revenues of the entire Fiat group. Profits for the past year, not yet released, are expected to far exceed the \$40 million registered in 1983, and with Fiat Brazil finally in the black, profits will no longer be canceled out by the South American subsidiary's losses.

indebtedness, chronic labor strife, plummeting productivity and high Much of last year's excellent performance reflects the continuing

the single most popular car both in Italy and in Europe as a whole. A total of 331,000 Uno's were sold last year and nearly a million have been bought since the small but roomy fastback went on the market in early 1983.

> But perhaps even more important at year's end was the glowing financial outlook. Although results for Iveco, the commercial-vehicle subsidiary, continued to be disappointing, the group as a whole (au-tos and 14 other sectors ranging from tractors and aviation to telecommunications and production systems) finished in style. Consolidated sales (net of intragroup trade) rose by some \$600 million over 1983 to reach \$11.6 billion, with the best improvement in sales performance achieved by construction machinery (27.6 percent) bio-engineering (27.4 percent) and production systems (22.6 percent).

> > - SARI GILBERT

## Privatization Moves Cautiously **Into National Industrial Sector**

is proceeding at an increasing, but cautious, pace. In a country where for the past 50 years state participation in industry and banking has been a major and often successful factor, the authorities have no intention of completely dismantling state enterprises. However, there is a growing desire to privatize companies of lesser importance and to attract more private capital into the most important state-run concerns.

Opposition to privatization re- cal parties, and the state holding mains, particularly at grass-roots level, and this explains the low profile that state management seeks to maintain when privatizing a com-pany or plant. In the provinces, a company the state defines as "mar-ginal" is often a major source of employment. Opposition to its pri-vatization often ranges from the unions and leftist political parties to the local bishop and conservative town councillors.

For decades, state-owned factories have been regarded as a water-tight guarantee of employment, even though they may have been

incurring enormous losses.
Yet, the Istituto Ricostruzione Industriale (IRI), Italy's (and Eutope's) largest state-holding com-pany, was founded in 1933 to take over banks and industries in difficulty, to restore them to financial health and eventually to sell them back to the private sector. This never happened, although the IRI has always encouraged a large presence of private capital in most of its 1,060 companies, while rigorously maintaining a controlling interest.

Italy's second-largest state hold-ing concern, Ente Nazionale Idrocarburi (ENI), the national energy authority, was founded in 1953 and until the early 1960s both it and IRI were regarded in Italy and abroad as models of efficiency in the field of mixed state and private enter-

By the mid-1960s, the situation had completely changed. The state holding companies yielded to the

Piazzetta M. Bossi 1

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cided on political grounds.

The results were disastrous. For although some sectors of state industry managed to remain immune to political patronage and mismanagement, others, especially in the mechanical and petrochemical sectors, began to register huge losses. Vast sums were siphoned off to finance slush funds and the politiconcerns were used to absorb hundreds of companies in economic difficulty to guarantee tens of thou-

sands of jobs — and votes.

This process accelerated after 1974, reaching its high point with the creation of yet another state holding company, Ente di Gestione delle Aziende Minero/Metallurgico (EGAM), the state mining and metallurgical authority. In 1976, four years after it was founded, the company went bankrupt. It was employing 33,000 people, having absorbed dozens of companies in

The repercussions from the EGAM debacle can still be felt today, for IRI and, to a lesser extent, the energy authority, were forced to absorb EGAM's assortment of debt-ridden companies. The law that abolished EGAM allowed them, for the first time, to either liquidate companies or privatize them. This also led to the present, largely successful efforts

ROME — Privatization in Italy pressures of Italy's politicians; the by both groups to clean up their proceeding at an increasing, but appointment of top and middle-autious, pace. In a country where level management began to be destrong measure of autonomy from political interference.

The politicians, 100, began to change. In 1981, the Ministry of State Participation published a white paper giving guidelines to privatization. The ministry wants the state holding concerns to sell off companies in which increased efficiency and higher productivity can be achieved by private entrepreneurs. The areas earmarked for privatization are farming, textiles, clothing, cement and tourism. Certain small chemical and mechanical

companies are also included. So far, the IRI has released 50 small and medium-sized companies to the private sector, about a third of which were part of the EGAM inheritance.

ENI, with fewer marginal companies to release, has followed a policy of increasing private participation in its more successful sectors. Last July, it opened up one of its key companies, SAIPEM (marine engineering), to the private sector by offering shares worth 140 billion lire (\$70 million) on the Italian stock market.

The operation, which represented 20 percent of SAIPEM's capital, was the biggest offer to be floated on the Italian market, attracting such buyers as the pension funds of the United Nations, IBM and General Electric.

— DALBERT HALLENSTEIN

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### **News From U.S. Economy** Has Little Impact on Market

By CARL GEWIRTZ unil Rerold Tribuna

ARIS —The news from Washington last week was about as favorable for the bond market as could be hoped — a stunning slowdown in the pace of first-quarter economic growth, implying a significant easing in interest rates. This initial reading of the news fueled a powerful rally in bond

But by late Friday the cuphoria had been tempered by other concerns — that an already rising pace of inflation which can only be further fueled by the continued slide of the dollar will sorely limit the Federal Reserve's ability to allow a significant decline in interest rates.

ECU long term 9.88 %
EUA long term 9.13 %
FLx la term, int'i inst. 10.13 %
FLx medium term 10.13 %
Calculated by the Luxembours Stock Ex-

Total Dollar Equivalent

Cedel 11,079.50 7.669.80 3,499.70

Eurocleor 21,468.70 18,405.10 3,063.60

Market Turnover

For Week Ended April 19

Eurobond Yields

J.S. price increases, the pross national product deflators, showed a first-quarter ise of 5.3 percent, up sharply from the 2.8 percent registered in last year's fourth quarter. This trend can only be fanned by the continuing ecline in the dollar, since

Eurobond Yields

For Wesk Ended April 17

U.S.5 to term, int'l inst.

Yen medium term

Sterling medium term int'l inst.

Yen is term, int'l inst.

Yen is term int'l inst. U.S. price increases, the gross national product deflator, showed a first-quarter rise of 5.3 percent, up sharply from the 2.8 percent regis-tered in last year's fourth quarter. This trend can only be fanned by the continuing decline in the dollar, since that means an increased cost for the price of imports which are now flooding the country and cannot instantly

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be turned off. The foreign exchange mar-ket's initial reaction to the slowed pace of U.S. expan-

sion was to sell the dollar, which fell a sharp 21/2 percent in the space of a few hours, and put it below the important psychological barrier of 3 Deut-sche marks for the first time since last November. Since its high at the end of February, the dollar has fallen 18 percent against sterling, 14 percent against the mark and almost 6 percent against

But late Friday, the foreign exchange market — like the bond markets — took a pause, trying to evaluate the likely direction of U.S. monetary policy.

The current mood seemed to be best expressed by Albert Wojnilower, chief economist at First Boston Corp. He told a financial conference in New York that Fed policy currently appears aimed at preventing the economy from slipping into recession and as a result may even cut the discount rate, now at 8

This was reinforced by the chairman of Manufacturers Hanover Trust, who told another meeting that the prime rate of commercial banks could drop below 10 percent during the current quarter. The prime rate at most banks is now 101/2 percent although a small St. Louis bank cut its rate to 10% percent late Friday, possibly presaging an industry wide move. This would be normal following the significant drop in short-term interest rates and the current sluggish demand for bank loans.

OWEVER, Mr. Wojnilower went on to warn that the signs of a sharp slowdown are "misleading" and that the economy will pick up steam over the next two months. which will result in a renewed increase in interest rates.

The Fed itself only sowed confusion about its intentions, Early in the week it allowed the overnight cost of bank loans, the federal funds rate, which is the base from which other moneymarket rates are scaled up, to drop from a high of 8 9/16 to a low of 7% percent. But late Friday it pushed the rate back to 7%

Was this a signal to the markets that the rate, which has hovered at around 81/2 percent so far this year, had dropped too far? Or was it the result of technical considerations that forced the Fed to drain reserves? Pending some clarification, traders in

the bond and foreign exchange markets took to the sidelines.

The week's angst about interest and currency rates had little apparent effect on the Eurobond market. The decline in interest rates prompted dealers to mark up prices, but there was no rush of investors to buy. As a result, the increases on Eurodollar bonds failed to match the size of the gains scored in New York.

At the same time, the dollar's renewed decline failed to spark

any widespread selling of Eurodollar bonds by investors looking for a safer currency.

Dealers offered a number of explanations for this apparent indifference to currency considerations. In part, they said, investors have been diversifying away from the dollar since it peaked in late February — meaning that those who felt most exposed to a decline have already shifted.

Institutional investors have no need to actually sell their holdings as they can — and have — hedged their dollar portfolios through the foreign exchange futures and options markets. And finally, dealers note, even though the dollar has fallen

(Continued on Page 15, Col. 5)

### Last Week's Markets All figures are as of close of trading Friday

Stock Indexes	Money Rates
United States	United States Led Wil. Prov. Pr
Last Wk. Prev.Wk. Ch'96	Discount role
DJ Indus 1266.45 1265.68 +0.10 %	Federal funds rate 7% 8%
DJ UHI 155.21 155.88 +0.40%	Prime role 101/2 101/2
DJ Trans 584.92 598.21 2.20 %	Japan .
5 & P 100 176.24 175.83 +0.20 %	
5 & P 500 181.12 180.55 +0.30 %	
NYSE Cp 10500 10464 +0.30%	All-day Interbank 5% 8% 8%
Source: Prodential/Bache Securities.	80-day Interbank 84 84 84 West Germany
Britain	Lombard 400 400
FTSE 100 1297.60 1272.90 +2.10 %	Overnight 5.50 5.30
FT 30 980.40 964.90 + 1.61 %	1-month Interbank 5.70 5.80
Hong Kong	Britain  Bank base rate
Hong Seng 1474.21 1492.18 1.20 %	Bank base rate 17/2 17/4 17/4 13/4 13/4
Hong Seng . 1474.21 1472.16 — 125 %	
Japan	3-month interbook 123/16 121/2 Dollar Lesswa Previou Orie
Nikkel DJ 12114.80 12588.01 3.76 %	
	Bk Engl Index 14270 145.80 213 %
West Germany	Gold
Commerzbk 1223.00 1211.70 +0.93 %	London p.m. fix.\$ 327.00 329.90 0.88 %
Source: James Capel & Co., Landon.	

### **Currency Rates**

Late interbank rates on April 19, excluding fees. Amsterdam, Brussels, Frankfurt, Milan, Paris. New York rates 

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Squiv. Corrency
1,907 brish E
0,0011 broeff shake!
1,225 Kowellf disar
0,490 Alloiny riceptl
0,1152 Norw. krone
1,054 Phil. pess
1,006 Pri, secode
0,2771 Sasel riyel Per U.S.5 1.561 20.90 1.3505 10.75 6.2725 132.90 7.7835 Cerrency U.S.S 0.54 S. African rad 12519 0.55 S. African rad 259.30 0.006 Span, pestin 146.00 0.1141 Swed, krons 269.73 0.0252 Tulwan S 20.71 0.0077 Tulwan S 20.71 0.0077 Tulwan S 10.71 0.0077 Tulwan S 10.71 S Corrency
Equiv.
0,4406 Austrollon 5
0,0728 Austrian schillide
0,0146 Belgian file, franc
0,7405 Canadian 5
0,073 Demish brone
1,0075 Greek drockina
0,1285 Hong Kong 5

& Sterling: 1.2315 Irish & (a) Commercial franc (b) Amounts needed to buy one pound (c) Amou Units of 100 (x) Units of 1,000 (y) Units of 18,000

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### A Further **Drop Seen** For Dollar

Analysts Fear Inflation Rise

By Jane Seaberry
Withington Post Service
WASHINGTON — Against the
backdrop of last week's plunge of
the dollar to below the threshold
level of 3 Deutsche marks, many economists say the currency will continue to slide in coming weeks. Much of the speculation is centered on whether it will be a gradual, orderly decline or a sharp plunge,

The dollar reached its peak in February when the British pound traded at \$1.03. Since then it has fallen 9 percent on a trade-weighted basis and is back to levels it reached in October,

"It's hard to see what would substantially reverse" the dollar's de-cline, said William R. Cline, senior fellow at the Institute for International Economics, "The question is whether we continue to have a

stair-step adjustment."

A gradual reversal of the dollar's advance would help increase exports and benefit many domestic firms that compete with imports. But it also would result in slightly higher inflation, increased commodity prices and possibly higher interest rates, as well as further

weakening economic growth.

A rapid decline by the dollar would require higher interest rates to continue attracting foreign capi-tal to continue linancing the budget deficits. That could cause a re-

cession, analysis point out.
The dollar, which began to drop sharply in mid-March, also declined in March 1984. But that trend ended when interest rates began to rise and confidence in the reelection of President Ronald Reagan strengthened, Mr. Cline said. Those factors are missing to-

day, he said.
"A lot depends on whether this is a real rout of the dollar," Mr. Cline said. "If this turns into a rout, interest rates would have to rise sharply for foreign currency to keep coming in to continue to finance the trade delicit, One factor that could offset the

reduction in business investment and the subsequent demand for funds, which already is appearing. Foreign capital last year provided one-seventh of gross investment in

### Australia's Keating Leads Campaign To Make Economy More Competitive

New York Times Service

CANBERRA — He quit school at age 14 to become a clerk in a municipal workers union. A year later, he joined the Australian Labor Party, which is closely linked to the nation's powerful trade unions and has traditionally displayed socialist leanings on economic matters. Thereafter, he never left the Labor Party fold. His first-hand experience in the private sector doesn't go much beyond managing a rock band called the Ramrods

beyond managing a rock band called the Ramrods in his youth.

Despite that unlikely background, Paul John Keating's name is mentioned with respect, even reverence, by Australian business leaders. The country's 41-year-old treasurer, known as a shrewd sharp-tongued and ambitious politician, is the point man in the government's plan to make Australia's generative controlling. Australia's economy more competitive.
In late February, the government of Prime Minister Bob Hawke took a landmark step toward free

markets by granting licenses to 16 foreign banks to enter the previously closed shop of Australian banking, a move that Mr. Keating spearheaded. "We didn't have as much competition here as we should have," Mr. Keating explained recently. "Our banking industry needed an injection of innovation."

Mr. Keating, who was selected as treasurer - or finance minister — when the Labor government was voted to power in March 1983, has long believed that local banking services would be im-proved by the stimulus of outside players and idens. But in Australia's parliamentary system, a

broad political consensus is needed for change.

For nearly a year, Mr. Keating had pushed hard for the entry of foreign banks—in private sessions and caucus meetings of his Labor Party, often



Australian Labor Ph

Paul John Keating

against much resistance from the party's left wing. which typically has opposed free-enterprise initia-tives and foreign ownership of businesses in Aus-

tralia.

Using a blend of persuasion and intimidation, he argued that added competition would benefit consumers and that employment would rise. His typical sermon as an evergelist for foreign-bank entry would then turn to themes assured to stir the emotions of left-wing Laborites, according to a politician familiar with Mr. Keating's performances. First, he would declare that profit margins (Continued on Prog. 13, Col. 3) (Continued on Page 13, Col. 1)

# **AMC Reports** Loss for Quarter, Cites Weak Sales

SOUTHFIELD, Michigan -American Motors Corp., which is related price competition contributed primarily to our first-quarter and the related price competition contributed primarily to our first-quarter loss of Competition contributed primarily contribute net loss of \$29 million for the first

Other earnings, Page 15.

three months of 1985. The company said the loss was primarily due to a weakness in its car sales. The first-quarter loss, an-

nounced Friday, compared with a net profit of \$5.1 million, or 3 cents a share, for the same period a year ago. Sales for the quarter fell to \$919.4 million from \$1.1 billion in the same period in 1984,

AMC, the fourth-largest U.S. automaker, had posted five profitable quarters since the fourth quar-ter of 1983.

This first-quarter loss is a disappointment to American Motors, its stockholders and its employees, particularly since we had just waerder, AMC president.

"The continuing shift to larger

cars, the resulting competitiveness of the small-car market and the

AMC, which only builds small cars and Jeeps, said Thursday it was implementing a program to cut expenses by 25 percent. It said the program would include an unspecified number of layoffs among its

Mr. Dedeurwaerder said the first-quarter loss "serves to underscore the need to broaden our market coverage with larger and more profitable products so that no sin-gle market segment swing will so directly affect our bottom line,"

The AMC president said the company is only halfway through its five-year strategic plan, which includes a program to introduce new products such as a Renault sports car, new Jeep models and a

new mid-sized car.
We warned that during this peachieved five consecutive profit-able quarters, said Jose J. Dedeur-euphoria and the lows were not cause for despair, Mr. Dedeur-waerder said. (UPI, Reuters)

### The U.S. Economy: Will It Sink or Swim in 1985? Conventional Wisdom Foretells Downturn, But Numerous Analysts Disagree

By Tom Redburn
Las Angeles Times Service
WASHINGTON — Will the

U.S. economy bounce back? After the shock of last Thursday's report that the economy grew at an anemic 1.3-percent annual rate during the first quarter, many analysts find ominous evidence that the economy will simply drift along aimlessly — or, even worse, fall into a recession.

Shearson Lehman Brothers Inc. in New York. "We're on a fundamentally slower growth path. High in-terest rates, the trade deficit and an unbalanced fiscal and monetary loss of foreign capital could be a policy mix are finally taking their But an unusual assortment of

one-seventh of gross investment in the United States, Mr. Cline said.

Economists say the decline in the dollar may already have helped the monetarists to liberal Keynesians

Every sustained expansion of the Every sustained expansion of the growth this year. Those economy since World War II, mists, ranging from conservative Mr. Levine says, has gone through monetarists to liberal Keynesians most competitive U.S. firms, and if who are united only by their suctions the decline continues it will later assist weaker export industries.

In the decline continues are united only by their suctions along the recent poor begins, it almost invariably lasts for about six months to a year, and "People often make the mistake"

"People often make the mistake that more bad news is ahead."

really look at the underlying factors and just extrapolate from the latest numbers," said Michael Bazdarich, an economist at Claremont Economics Institute in Claremont, California. "It's amazing to me that we are seeing nothing but green lights out there, and everybody is so pes-

The explanations for the expect-"The economy is fading," said ed revival of the economy vary, Allen Sinai, chief economist at with some analysts predicting that more vigorous growth will appear this spring and others forecasting that it may be delayed.

For David Levine, chief economist at the New York investment

> company Sanford C. Bernstein & Co., the economy's most likely future course can be found in a close

iconoclastic economists are fore-reading of economic history.

economy has already fallen into a brief recession, Mr. Levine believes, but he says that economic output is all but certain to begin accelerating sharply this summer.
"With the dollar beginning to fall, the trade delicit should no

longer be a drag on the economy,"
Mr. Levine said. "Once we get that bleeding stopped and we receive a booster shot from (the buildup of

business) inventories, the economy should be off to the races again."

Despite steady gains in consumer spending, the high value of the dollar has contributed to a flood of inexpensively priced imported goods that have diverted much of the economic gains to foreign pro- ports will feed on itself. ducers. A retreat of the dollar

erally dismiss the gloomy new conventional economic wisdom.

"Too many economists never there is little reason to believe the weak growth that began in 1984's ply run out of gas all by itself," said third quarter is part of a different lrwin L. Keliner, chief economist at Manufacturers Hanover Bank in New York. "But in fact it invariably takes a major shock to bring the economy to a halt; as long as the Federal Reserve doesn't get too worried about the growing money supply. I don't think we're going to

get such a shock soon." Mr. Bazdarich relies on monetarist arguments to explain why he believes that the economy will pick up steam again.

"The Fed has been allowing the money supply to grow at a 13-percent rate for the past eight months," he said. "We've never seen a recession in the wake of

money growth figures like that." Some economists worry that the recent spate of bleak economic re-

The economy is not fundamenshould ease that pain and open the tally weak, and we've got plenty of way for new U.S. exports to countogrow," said Robert Gough, tries that have revived their econo-

### Orders in U.S. Dropped 0.9% In February

WASHINGTON — Orders to U.S. factories for manufactured goods dropped 0.9 per-cent in February, a sharper de-cline than previously thought, according to revised figures released by the government.

The decline was the largest since a 1.3-percent drop in October. Orders had risen 0.8 percent in January. The department originally had reported that orders for manufactured goods dropped only 0.2 percent in February.

The new figures showed that nventories grew 0.1 percent in February following a minuscule 0.03-percent increase in January. The February increase originally had been put at 0.3

Shipments of manufactured goods increased 0.3 percent following a 2.3-percent decline in January. The earlier report had said shipments dropped by 0.4 percent in February.

### **Unilever's Note Facility** Bears Very Thin Terms

By Carl Gewirtz

onal Herald Tribune PARIS - The long-rumored note issuance facility for Unilever finally surfaced last week after weeks of intense competitive bid-

### SYNDICATED LOANS

ding by potential managers, bearing terms that were - as expected - as aggressively thin as any seen

of the British-Dutch multinational. is seeking \$500 million for seven

internationally.

The commercial paper or the ment banks can be asked to bid for notes and if the terms are not found ic impact. acceptable to Unilever it can draw on the underwritten credit line. Banks joining the transaction will earn a one-time commission of

two years and 6.375 basis points for the final three years — producing an average of 5.054 basis points. This fee is comparable to the lowest yet seen, set earlier this year by Nestlé SA, which paid 3.125 points for a three-year facility that had an average life of only 21 months.

Interest to be paid on loan drawdowns will be set at the London underwriting facility that is expect-interbank offered rate flat, that is ed to be fully drawn. Banks will be bearing no margin. However, the company will pay a utilization fee of 5 basis points for drawings of up

to \$250 million and 15 basis points for sums above that amount, pro-ducing an average cost of 10 basis points if the entire amount is

Assuming the entire amount is drawn, the cost to Unilever will average 15.054 basis points. This case" low cost of 18.5 basis points set recently on Imperial Chemical Industries PLCs 10-year note facility. Of course a direct comparison is not possible since the ICI facility Unilever Capital Corp., a finan-cial subsidiary of the U.S. affiliate

Bankers emphasized that Unilyears. This underwritten credit will ever was an exceptionally well re-be used as a backstop for the sale of garded credit with very little intercommercial paper in New York or national debt outstanding and the issuance of short-term notes therefore, not a barometer of the general state of the growing note-facility market. But the very thin Euronotes will be sold on a "best pricing was seen as further evi-efforts" basis. A tender panel made dence that the Bank of England's up of banks supplying the credit as recent decision to apply a risk well as certain merchant/invest- weighting to banks' underwriting commitments is having no dramat

Meanwhile, Colgate-Palmolive Co.'s effort to raise \$200 million for five years is moving along satisfac-torily, the lead manager, Samuel .03125 percent, an annual underwriting fee of 3.125 basis points (or .03125 percent) for the first two has agreed to join the underwriting years, 5 basis points for the next and an unspecified number of others. Montagu & Co., says. It reports and an unspecified number of other U.S. banks have also agreed thereby dispelling rumors of a U.S. boycott discussed in Europe last week. However, a number of U.S. bankers insist the deal is moving

slowly and that few U.S. banks are willing to join. Danish Export Finance Corp. is in the market with a \$200-million, eight-year transferable revolving paid an annual underwriting fee of 7.25 percent and are committed, if

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New Issue . March 12, 1985

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### **Keating Leads Reform** Of Australian Economy

(Continued from Page 11)

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First, he would declare that profit margins of Australian banks were too high, reflecting the lack of com-petition. Then, he would challenge the left-wing politicians—ostensi-bly champions of the working man—asking why they seemed to be protecting the welfare of pinstriped union-hating bankers.

To the big Australian value, of Sydney. Yet he is not parties we now itching to expand internationally, Mr. Keating used a different the Australian business establishment, which is centered in Melhave access to lucrative overseas Australia's freewheeling, self-made markets, such as Japan, where reciprocal restrictions had kept them Court and Rupert Murdoch.

year, it was expected that six to once dismissed a member of the eight overseas banks would be opposition as "an arrogant ant."
granted licenses, But in the months leading to the February announcemarks are directed at the left wing ment, Mr. Keating fought effec-tively to lengthen the list.

Major 'institutions from the United States, Japan and Western Europe, including Citibank, Bank of America, Bank of Tokyo, Industrial Bank of Japan and Barclays,

were allowed in.
But some local bankers, although nominally free-market enthusiasts, worry that Mr. Keating and losing its heart. may have gone too far. "I have Corp., Australia's largest bank. But I do not know that I ever advocated that the door locking them out should be ripped off its

hinges and thrown away."

The big changes in the Australian financial system began in late 1983. Foreign exchange controls were dismantled and in December of that year, the Australian dollar was allowed to float - joining most of the other major currencies
—its value to be determined by the currency markets, not by the government. In 1984, foreign exchange trading was opened to new compet-

Mr. Keating's efforts won him the distinction of being named 1984's Finance Minister of the as a whole. Year by Euromoney magazine, which cited "his courage in pushing through a whole series of measures deregulating Australia's archaic and uncompetitive financial sys-

Today, Prime Minister Hawke and Mr. Keating are the leaders of the Labor Party's right wing, the dominant force in Australian poli-

Relations between the two men are close enough that in political

circles it is generally believed that Paul Keating says what Bob Hawke thinks. The prime minister, trying to keep peace within his unruly party, must be circumspect in his public pronouncements. Mr. Keating is the man with the

gloves off. In appearance and man-ner, he seems a bit closer to a partner in a Wall Street investment banking firm than an Australian reared in the political wardhouses of Sydney, Yet he is not partial to

Out.

The number of foreign banks let in was higher than anticipated. After a Labor Party conference last local politics. In parliament, he

of his own party. During a recent interview, he referred to those members of the Labor Party who advocate greater central control by the government in the economy as "Neanderthal leftists."
Such talk does not sit well with

the party's left wing. Moreover, the leftists charge that the party is in danger of abandoning its traditions To this criticism, Mr. Keating

always advocated that a door replies, "Having your hanky out for should be opened to foreign the poor does nothing unless there banks," said Robert White, managing director of Westpac Banking improve their lot." The hallmark of the govern-

ment's economic program is prag-matism. Mr. Keating stresses that he believes in incentives in most areas of economic activity because of efficiency, not philosophy. "We are clearing away the debris

of government intervention in areas where it doesn't work," Mr. Keating said. "But we're not wed-ded to dogma. We haven't fallen in love with Adam Smith or Milton In a sense, Mr. Keating's practi-

cal commitment to markets reflects a general shift to the right in Australia on economic matters — a change in thinking not only within the Labor Party but in the country The Hawke-Keating brand of

pragmatism has worked well so far, helped by a cyclical recovery in the global economy and the end of a long drought in Australia. Since Labor took over, economic growth has surged, employment has ex-panded and the inflation rate has been cut in half.

Still, further changes are needed to make the Australian economy more competitive internationally. These adjustments require difficult



'We are clearing away the debris of government intervention in areas where it doesn't work. But we're not wedded to dogma.'

institutional and structural

-Paul J. Keating

changes, such as altering the tax system and reforming industrial re-lations in the strike-ridden nation. For decades, personal income tax rates have not been adjusted for inflation, so that now Australia has some of the highest rates in the world at comparatively modest levels of income. For example, the marginal tax rate is 60 cents on the dollar for a person with 1.8 times Federal Reserve Board has ap-the average weekly earnings, or the proved the purchase of two Ohio equivalent of \$27,000 a year. Thus, the system provides a considerable Chase Manhattan Bank of New incentive to avoid taxes while being York, according to Robert B. McAa deterrent to working more for additional money.

Yet the inefficiencies of the pre-sent system also benefited certain interest groups. So it will be a stiff political challenge to bring wholesale reform to Australia's tax sctup. A so-called tax summit meeting is scheduled for later this year, involving representatives of business, government and the unions. The reform package considered most likely to be chosen would include big cuts in income taxes, which on consumption and possibly capi-

Mr. Keating will be the key man in winning approval for tax reform. If successful, the most significant change in taxation in 40 years would be a considerable achieve-

tal gains taxes.

### **Unocal Drafts** New Plan to **Bar Pickens**

New York Times Sernce NEW YORK - Unocal Corp. in a further move to thwart a takeover by T. Boone Pickens, says its executive committee has recommended that the company spin off a large portion of its assets into a limited partnership, much of which would be available for public sale.

The proposal, which is expected to be approved by Unocal's board, would place 45 percent of the company's domestic proven oil and gas reserves into the new partnership. The company did not disclose how much of the partnership it would hold for itself. The public sale of units in the

partnership, which is also dependent on approval by the Securities and Exchange Commission, would enlarge the company's cash position, analysis said. That might reduce the chances of a collapse in the current price of the stock if Unocal's pending defensive ma-neuver is successful in defeating Mr. Pickens's outstanding tender offer of \$54 a share for control of the California company, they said. In active trading Friday, Unocal's stock closed at \$47.625, up 371/2 cents. The company's announcement came shortly before the close of trading on the New

### Fed Approves Chase's Purchase Of 2 Ohio Thrifts

York Stock Exchange,

COLUMBUS, Ohio - The U.S. lister, state superintendent of savings and loans.

The Fed had approved Chase's acquisition of Mentor Savings Bank, in Mentor, and Federated Savings Bank, in Cincinnati, for a combined price of \$7.4 million, he

The Mentor institution is open for full service, but Federated is open only for withdrawals of up to

Mr. McAlister said be would allow Federated to open for full serwould be offset by an indirect tax vice this week if the transaction is completed.

> ■ BankAmerica Acquisition BankAmerica Corp. agreed in principle to acquire Oregon Bank and related subsidiaries from Orbanco Financial Services Corp. for \$57 million in cash, Reuters report-

ed from San Francisco.

1984

1983

### THE EUROPEAN COMMUNITY

### Delors Hopes His U.S. Visit Will Ease Economic Tension

BRUSSELS — Jacques Delors, resident of the commission of the European Community, hopes his visit to Washington this week will reduce tensions between the United States and the EC and encourage progress toward a new round of multilateral trade talks.

"I hope to come to a clarification of our respective positions" and encourage "cooperation in solving the problems of the world economy," Mr. Delors said in an interview last week.

Mr. Delors, who will meet President Ronald Reagan and several

ence on monetary issues, aides said.

Mr. Delors praised Mr. Baker's suggestion, which was made April 12 in Paris. It has been seen as a response to the EC view that talks on monetary reform are needed

along with a new round of negotiations on liberalization of trade. "I have devoted much of my time to convincing my European col-

cabinet members Tuesday and

Wednesday, has a special interest

in exploring the proposal by James A. Baker 3d, the Treasury secre-tary, for an international confer-

leagues and overcoming the skepti-cal attitude of the American administration" on the need for monetary reforms, Mr. Delors said.

### **OECD Eases Flow of Computer Data**

CAPITAL INTERNATIONAL FUND

Societé Anonyme d'Investissement R.C. Luxembourg N° B8833 43, Boulevard Royal, Luxembourg

Messrs. Shareholders are hereby convened to attend the Extraordinary General Meeting which will be held at the offices of Kredietbank S.A. Luxembourgeoise, 43, boulevard Royal, Luxembourg, on April 30, 1985 at 11.00 a.m. with the following agenda:

for a further period of five years shares within the limits of the authorized capital.

2. Ratification of the issue of shares during the period from March 25. 1985 to April 30, 1983.

Approval of the above agenda will require a quorum of one half of the shares issued and outstanding and the affirmative vote of two thirds of the shares present or represented at the Meeting.

Holders of bearer shares may vote at the Meeting in person by producing at the Meeting either share certificates or a certificate of deposit which will be issued to them against deposit of their share certificates with Kredietbank S.A. Luxembourgeoise, 43, boulevard Royal, Luxembourg.

certificates with Kredietbank S.A. Luxembourgeoise, 43, nonicerary Royal, Luxembourg.

Holders of bearer shares may vote at the Meeting by proxy by completing the form of proxy which will be made available to them against deposit of the share certificates as aforesaid.

Share certificates so deposited will be retained until the Meeting or any adjournment thereof has been concluded.

Holders of registered shares may vote at the Meeting either in person or proxy by completing the form of proxy which will be sent to them. In order to be valid all forms of proxy must reach the registered office of the company at least one day before the date of the Meeting.

By order of the Board of Directors

Renewal of the authorization given to the Board of Directors to issue for a further period of five years shares within the limits of the

PARIS - A freer international flow of computerized data is ex- to foreign customers, including pected to result from a declaration adopted last week by the Organization for Economic Cooperation

the United States. U.S. officials said the declaration "is a first, and major, step" in assuring an open flow of information. The basic thrust of the declara-tion is that the 24 OECD member tative, the data-related job simulus

of computer data, U.S. officials said technological and service employment.

Notice of Meeting

advances have made it possible to market almost any kind of service

and Development at the urging of

mation technology are one element feeding the employment boom in service industries. According to the Office of the U.S. Trade Represengovernments agree to minimize any extends to manufacturing firms as disruption of the international flow well, blurring the usual lines of distinction between manufacturing

data processing entertainment, ad-vertising, banking, insurance and other activities. Retailers also use "transborder data" to verify credit New communications and infor-

Aides said Mr. Delors was also expected to press the community's putes with the United States. The French resort to when they want to EC has warned that U.S. efforts to show they have Europe under con-EC has warned that U.S. efforts to show they have Europe under con-restrict community steel exports trol," one source said. "What does

could damage preparations for a it mean?

new trade round.

Mr. Delors firmly rejected calls
by U.S. officials for the EC to adopt the Reagan administration's free-market philosophy. But he believes the community can learn from some U.S. economic accomplishments, especially in the field of high technology and in the de-velopment of small and medium-sized businesses.

### Cool Reaction Greets French Research Plan

The proposal by France last week for European cooperation in technological research has received a chilly response from the commis-

Commission officials said they had already submitted a plan to strengthen EC technological research to community leaders before

their summit last month. proposals will allow Europe to realize its technological ambitions," a

Privately, Commission sources were sharply critical of the French initiative. "It's a typical gadget the

### Some Films, TV Shows May Get Financial Aid

EC culture ministers are to consider next month a commission proposal that financial backing be given to European film and television productions. But the proposal is expected to face opposition from budget-conscious member states

such as West Germany and Britain. The idea is to help European producers compete with other na-tional film and television industries, especially those of the United States. The commission believes that competition will intensify as more cable and satellite transmis sion networks begin operation.

Under the proposal, a project will receive aid only if it has at least three coproducers from different community countries. For films, "The commission believes its the commission will give advances roposals will allow Europe to real-against receipts; for television, interest-free loans.

commission statement said. "Unfortunately, the European Council
was not able to thoroughly examine
the document."

The commission proposal does
not specify an amount of funding,
but it suggests support for about 40
productions a year.

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- Strengthened management
- Tighter credit control
- Ahead in product development
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- First in customer service

# 1984 Balance Sheet Highlights (US\$ millions)\*

Cash and balances with banks	126	163
Other Liquid Assets	9 <del>6</del> 6	960
Trading & Investment Securities	167	223
Deposits with Banks and other Institutions	1,632	2,774
Overdrafts, loans and bills discounted	3,096	2,809
Other Assets	185	173
Total Assets	6,172	7,102
Contra Accounts	1,154	1,144
Total Balance Sheet	7,326	8,246
Total Deligings ander	_,	
Demand, Time deposits, and other accounts		-,-10
Demand, Time deposits, and other accounts	5,640	6,538
Demand, Time deposits, and other accounts including contingencies	5,640	6,538 85
Demand, Time deposits, and other accounts including contingencies Other Liabilities	5,640 25	6,538 85 479
Demand, Time deposits, and other accounts including contingencies Other Liabilities Total Shareholders' equity	5,640 25 507 6,172	6,538 85 479
Demand, Time deposits, and other accounts including contingencies Other Liabilities Total Shareholders' equity Total Liabilities and Shareholders' equity	5,640 25 507 6,172	6,538 85 479 7,102

If you would like a copy of our 1984 Annual Report please write to our Public Affairs Department.



demands of corporations,

THE INSTITUTIONAL

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itagapore The Gulf Bank K.S.C., 21 Collyer Quay # 17-01. Hongtrong Bank Building, Singapore 1004. Tel. 224 3723 Telex: 82 82437 GULFRE.



### **Occidental Petroleum Corporation**

U.S. \$200,000,000 **Euronote Issuance Facility** 

Arranged by

### Occidental Financial Services Inc.

First Interstate Limited

Swiss Bank Corporation International Limited

**Orion Royal Bank Limited** Toronto Dominion International Limited

**Banque Paribas** Crédit Lyonnais **IBJ International Limited** 

**Chemical Bank** Dresdner Bank Aktiengesellschaft The Bank of New York, London

Canadian Imperial Bank Group **Grindlay Brandts Limited** Manufacturers Hanover Trust Company **Security Pacific National Bank** Westdeutsche Landesbank Girozentrale

Tender Panel

BankAmerica Capital Markets Group CIBC Limited Credit Suisse First Boston Limited Grindlay Brandts Limited

Manufacturers Hanover Limited

Orion Royal Bank Limited

Sanwa International Limited

Standard Chartered Merchant Bank

Banque Bruxelles Lambert S.A. Citicorp Capital Markets Group Dresdner Bank Aktiengesellschaft Hambros Bank Limited Merrill Lynch Capital Markets

Morgan Grenfell & Co. Limited Salomon Brothers International Limited PaineWebber International J. Henry Schroder Wagg & Co. Limited Security Pacific Bank Asia Limited Swiss Bank Corporation International Limited

Standard Chartered Merchant Bank Toronto Dominion International Limited Westdeutsche Landesbank Girozentrale

Facility Agent

### **Swiss Bank Corporation International Limited**

Tender Agent

Principal Paying Agent

**Toronto Dominion International Limited** 

**Orion Royal Bank Limited** 

This announcement appears as a matter of record only

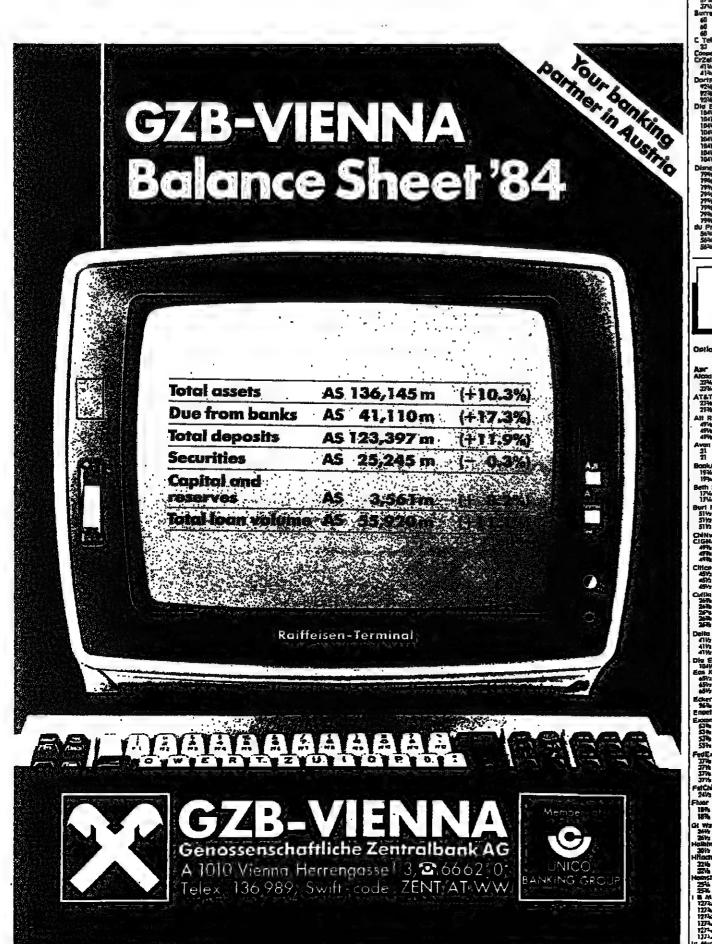
April 1985

**Banque Paribas** 

Crédit Lyonnals

First Interstate Limited

**IBJ** International Limited



# **Mutual Funds**

### **American Exchange Options**

For the Week Ending April 19, 1985

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# Chicago Exchange Options

For the Week Ending April 19, 1985

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### **New Eurobond Issues**

issuer	Amount (millions)	Mot.	Coup.	Price	Price end week	Terms
FLOATING RATE NO	OTES					
Banco Latinoamericano de Exportaciones	\$ 50	1990	1	100	_	Over 6-month Libor, Radisemable at par in 1988. Fees 11/9%. Private placement.
Banque Extérieure d'Algèrie	\$500	2000	<b>½</b>	100	_	Over 6-month Libor. Redeemable at por in 1993, 1995 and 1997. Fees 14%.
Belgium	5300	2005	74	100	99.65	Over 1-month Libor, poid quarterly, or 3/16 over 3-month Libor of the yield curve inventes. Collable at par in 1987 and rade-mobile at par in 2000 and 2003. Fees 0.40%. Denominators \$250,000.
Ferrovie Dello Stato	\$420	1997	0.10	100	99.72	Over 1-month Libor, or 1/16 over 6-month Libor, whichever is lower. Callable as par in 1986, Fees 0.30%.
First Chicago .	\$200	1992	0.10	100	99.65	Over 3-month Libor. Collable at par in 1987. Fees 16%,
Jyske Bank	\$ 40	1994	libor	100	_	Interest pegged to 6-month affered rate for Eurodolions. Coupon to be set monthly except if 1-month Liber is equal to, or higher than, 6-month Liber. Callable at par in 1986. Fees 0.80%, Denominations \$50,000.
Saramo Int'I	\$100	1995	1/16	100	99.60	Below 6-month Libid, set monthly, Callable at par in 1986. Form 0.45%.
FIXED-COUPON						
American Express Credit	\$100	1990	10%	99%	97.63	Noncolable.
Council of Europe	\$75	1990	11	100%		Noncollable.
Denmark	\$100	1990	111/2	100	99.25	Noncalable.
Denmark	\$100	1989	111/4	100%	99.00	Noncollable.
General Electric Credit	\$200	2000	1014	100	97.50	Callable and redeemable at par in 1989 when new terms will be set.
(8)	\$100	1995	11%	100%	98.75	Noncoffable.
Matorola	\$100	1997	111/2	99%	97.38	Callable at 101 in 1995.
Pacific Bell	\$100	1992	11%	100	98.00	Collable of 101 in 1990.
Royal Bank of Canada	\$100	1990	1114	1021/2	100.25	Noncoliable, Such \$5,000 note with 1 warrant exercisable for 3 years at 101% into U.S. Treasury's 11% bands of 1990. Warrants valued or \$25 each, ended the week at \$20.
Sweden	\$200	1990	10%	100	98.55	Noncoliable,
Texaco Capital	\$250	1995	11%	100	97.50	Collable at 101 in 1991.
Belgium	DM 100	1992	71/5	100		Noncollable private placement.
Ireland	DM 150	1997	7%	100	98.75	Noncallable.
Mortgage Bank of Denmark	DM 150	1995	7%	100		Noncollobie.
Industrial Development Corp. South Africa	DM 50	1992	81/4	100	98.75	Noncaliable private placement,
World Bank	DM 200	1992	71/4	99%	98.75	Noncallable private placement,
Eurofima	ECU 50	1993	9%	991/2		Collable at 101 in 1989.
Westdeutsche Landesbank Finance	ECU 70	1990	91/2	99%	98.63	Noncollable. Sinking fund to produce a 4.5-yr overage life.
World Bank	ECU 60	1992	91/2	100	99.00	Noncolicbia private placement,
Eurofima	o≠ 50	1992	71/2	100		Noncellable private placement,
ECSC	FF 300	1992	11%	100		Noncollable.
WARRANTS						
Bonque Poribas	0.075	1989	_	\$22	\$22	Each warrant is exercisable at 102 into a \$1,000 note of Chrysler Financial 13ks of 1994.
EQUITY-LINKED			·			
John Finlan	<b>\$</b> 3	2000	10	100	_	Each \$1,000 bond convertible into 850 company shares.
Lonrho Finance	\$ 40	2000	open	100	98.13	Coupon indicated at 6%. Redeemable at 110 in 1989 and callable at 104 in 1987. Convertible at an expected 5% premium.
Nippon Oil	\$ 70	2000	3	100	98.25	Semionrucity. Callable at 103 in 1990. Conventible at 923 yen per share and at 251.35 yen per dollar.
Nippon Sheet Glass	\$ 40	1995	3	100	_	Semigranually, Callable at 102% in 1988. Convertible at 695 year per share.
Yamamura Glass	\$ 25	1990	open	100	98.25	Coupon indicated at 814%, Noncallable, Each \$5,000 note

### **Unilever Facility Bears Thin Terms**

(Continued from Page 11)

The second secon

notes cannot be sold, to take the short-term paper at a yield of 5 basis points over Libor. The actual coupon on the notes will be set at 4-point below Libor but the notes will be issued at a discount from face value.

Kredietbank N.V. is seeking a \$100-million, seven-year facility that it does not expect to draw upon. The Belgian bank said it wanted to have the comfort of a low-cost stand-by credit and a mechanism whereby it could issue drawn. short-term certificates of deposit should the need arise.

11.17.61 19 10 to 10

basis points to underwriters of the points. credit. If the credit is drawn, interest will vary according to the amount taken — 1/16-point over Libor for up to a third, 1/4-point over Libor for up to two-thirds and 4-point over Libor for more than that. A tender panel will be formed to bid on the CDs.

Enterprise Oil PLC, the privately held North Sea group that was sold points they will earn if the back-up off last year by British Gas Corp., is credit is fully drawn. making its first foray into the pubhic market with a £150-million, 61/2- Asian bankers believe there is a year facility. Banks are being asked market for short-term paper of to underwrite a back-up credit for one-to-six months — Indonesia an annual fee of 15 basis points. If may pay even less to raise money. the credit line is drawn, interest will By underwriting the back-up be set at ¼-point over Libor for the credit rather than the notes, bank-

In the sovereign market, Indonesia is the first Asian state to tap the note-issuance market. It is asking banks to provide a \$400-million, 10-year credit to back up the sale of one-, three- or six-month notes. Underwriters are under no commitment to provide bids on these notes. But they are obliged to ex-tend loans at 25 basis points over Libor if no more than one-third of

if up to two-thirds is drawn and at 40 basis points over Libor if more is Whether the credit is drawn or nould the need arise.

not, Indonesia will pay an annual
It will pay an annual fee of 6.25 underwriting fee of 12.5 basis

the total is drawn, at 35 basis points

This is well below the split %-to-%-point margin over Libor that Indonesia last paid to arrange a syndicated bank credit but reflects, bankers say, what it would pay today to arrange a classic credit — a split ½-%-point over Libor, which on a weighted average would yield the banks around the 52 basis

If its notes can be sold - and

Libor thereafter. In addition, it will pay a 1/4-percent utilization fee if more than half the credit is drawn.

Before drawing on this backstop, Enterprise Oil can ask a tender addition, bankers say, not all marganet to propose terms for short. panel to propose terms for short- ket participants want to have notes term notes or advances, bankers' on their books. Notes may be considered securities and auditors may syndicated credit market for a lo insist that they be carried on the of up to \$300 million. acceptances or intermediate-term sidered securities and auditors may

> As a result, importing members often feel they are being penalized

for belonging to the organization and adhering to the International

Coffee Agreement, the ICO delegates said in London Saturday.

The ICO has 48 producing members accounting for 99 percent of coffee exports worldwide and 25

consumers who import just under

banks' books at market va whereas a loan can be carried face value even if - as in the of much Latin American debt is not being serviced on schedu

This is expected to be Indo sia's only dollar borrowing year and although the governments about \$2 billion in under credits outstanding it is expecte try to sell notes under this faci At the same time, Indonesia is pected to cancel some \$200 mill of the undrawn lines on which: paying commitment fees rang

from ¼ to ¾ percent. (Malaysia is prepaying \$550 lion of loans arranged two yeago. This includes a \$300-mili 10-year loan on which interest set at 1/2-point over Libor: a \$2 million, five-year loan priced at point over the prime rate; and \$50-million, eight-year tax-spa loan priced at ¼-point over Lib

Banque Exterieure d'Algèr which intends to raise up to billion this year, will raise \$3 million through the sale of 15-ye floating rate notes. Holders can quest redemption after eight, 10, 12 years. Interest will be set at point over six-month Libor a front-end fees total 14 percent.

This will be Algeria's seve and largest FRN, all of which really syndicated credits dressed to look like capital market trans

in Japan through a series of 10-ye In late summer, depending the exact size of Algeria's finance

raise 50 billion yen (\$202.1 milli

### World Coffee Body Approves Soviet Production Action Against Nonmembers

charges.

Rewers they can dispose of under quotas, LONDON — The executive prefer to sell their exportable surboard of the International Coffee pluses on the unrestricted non-quo-Organization has approved action to market rather than pay storage aimed at doubling prices paid by non-ICO members to bring them into line with those paid by members, ICO delegates said.

Last October, the ICO set a target range for world coffee prices of \$1.20 to \$1.40 a pound.

Fifteen percent of world coffee importers, mostly Eastern bloc or Middle Eastern countries, are nonmembers and often pay less than half the price paid by members whose imports are controlled under ICO export quotas, they said.

This is because exporters like In-coffee back to member markets via donesia, with far more coffee than free ports.

# Reported Lower

The Associated Press

MOSCOW - Soviet industrial production rose by 2 percent in the first three months of the year, down from a 4.9-percent increase for the same period of 1984 and short of the 3.8-percent target for 1985, the newspaper Pravda reported.

The report said oil, coal and steel production all declined. At 147 milion tons, oil was down by 4 percent compared with the first quarter of 1984. Coal output, at 185 million tons, declined by 0.5 percent,

Gains were posted in natural gas, electrical energy, meat production and the building of industrial ro-bots, the report said. The report 90 percent of imports.

The group's resolution is also aimed at dealing with the problem of possible diversion of the cheaper autonomy to some state enterprises was bearing fruit,

# Hopes for **Lower Rates**

By Michael Quint New York Times Service NEW YORK — Hopes for lower interest rates were dampened but not eliminated Friday after the Federal Reserve temporarily sold securities, thereby draining funds Short- and long-term rates fell modestly early in the day but began rising after the Fed's action, which

### U.S. Credit Markets

came shortly before noon. By the close of trading, Treasury bill rates were slightly higher, with the three-month issue bid at 7.80 percent, up from 7.72 percent. Note and bond yields showed little change.

Some analysis said the Fed's action was a signal to trades that the

tion was a signal to traders that the central bank was not easing policy, and was not trying to promote an overnight rate for bank loans of less than 8 percent. Others, however, said the Fed was easing policy and that the temporary sale of securities was merely a technical adjustment that would not prevent a general decline in interest rates.

In advance of Wednesday's auction of new two-year Treasury notes, government securities dealers offered the issue with a yield of about 9.79 percent, up from 9.76 percent a day earlier. The 114percent Treasury bonds due in 2015 were offered at 100, down

2/32, to yield 11.25 percent Signs of economic weakness, such as the 1.3-percent growth in the gross national product after inflation, combined with a decline in the overnight rate for bank loans in the federal funds market, have led many market participants to conclude that the Federal Reserve is easing monetary policy and encouraging lower short-term interest

While some analysts say the Fed will overtly signal its desire for lower rates by reducing the 8-percent discount rate it charges on loans to financial institutions, others say that the fund rate will soon rebound to around 814 percent.

Albert Wojnilower, chief economist at First Boston Corp., said in a speech to the annual meeting of the ederal Home Loan Bank of New York that the Fed would probably cut the discount rate soon. But he forecast that rates will rise again later in the year. While the Fed's generous monetary policy makes a recession unlikely, Mr. Wojnilower added that inflation would eventually accelerate.

If recent declines in short-term rates are maintained, bankers said, the prime lending rate might be cut from its current level of 10% percent. Some bankers said that weak business-loan demands might help justify a cut in the prime, and noted that Fed data for the week ended April 10 showed that business loans outstanding at large banks across the country fell by nearly

due	U.S. Consumer Rates For Week Ended April 19	3,000 bu minimum-dollars per bushel 7,97 5,004 May 5,94% 5,966 7,99 5,004 Jul 6,02 7,56 3,82 Aug 6,031/4 6,057
at	Passbook Savings 5.50 %	627 5.81 Sep 6.011/2 6.03 648 5.831/2 Nov 6.07 6.051
C256	Tax Exempt Bonds  Bond Buyer 20-Bond Index 9.25 %	7.62 4.0614 Mar 4.28 4.29 7.29 4.15 May 4.35 4.361
— it le.	Money Market Funds Donophue's 7-Day Average 8,41 %	6.49 6.38 Jul 6.43 6.43 Est, Sales Prov. Sales 20.811 Prev. Dov Open int. 64.082 up 994
one- this	Bank Money Market Accounts.  Bank Rate Monitor Index	50Y8EAN MEAL (CBT) 100 tons-dollars per fon 205.00 126.40 May 127.80 128.2
ieni Iwi	Home Mortgobs	196.50 122.60 Jul 133.80 134.2 180.00 135.40 Aug 136.90 137.7
đ to	FHLB overage13,70 %	180.50 140.50 Oct 142.50 142.5 184.00 145.80 Dec 147.50 147.8
lity. ex-		204.50 153.50 May 159.50 159.50 162.50 159.00 May 159.50 159.5
lion	DM Futures Options	167.00 167.00 Jul Est, Sales Prev. Sales 10.649 Prev. Day Open Int. 46,576 off 245
it is ping	April 19	SOVEREAN OUL (CRT)
	W. German Mork-125,000 works, cents per mork	59,000 fb3- dollars per 100 fbs. 31,66 22,90 May 31,82 31,8 32,25 22,70 Jul 30,50 30,5
nil-	Sirice Cotts-Settle Puts-Settle	31,17 22.50 Aug 29.80 29.8 30.20 22.50 Sep 28.95 28.9 29.15 22.90 Oct 28.10 28.1
OIL	71 275 111 246 809 130 0.22	28.20 22.90 Dec 27.35 27.4 27.85 23.60 Jon 26.90 27.0
was	3 12 182 - 0.49 0.85 -	26.60 24.40 May 20.80 20.81 26.60 24.40 May
00- %-	35 136 195 - 141 194 - 36 138 164 - 258 -	Est Soles Prev. Soles 12,841 Prev. Doy Open Int. 57,754 up 81 OATS (CBT)
d a	Estimated tato; vol. 5.781 Calls: Thurs, vol. 7.858 apea Inj. 38,904 Puts: Thurs, vol. 1.999 apen ist. 24,784	5,000 by minimum-dollars per bushel
red	Puts : Thurs, vol. 1999 open let. 24,784 Source: CALE.	1.76 1.61 Jul 1.63% 1.64 1.79 1.60 Sep 1.67% 1.61 1.87% 1.64 Dec 1.64% 1.64
or.) rie,		Fet Series Prev Scales 101
Sì	Cash Prices April 19	Prev. Day Open Int. 3,120 off 276
500 ear		Livestoc
re-	Vanue	CATTLE (CALE) 40,000 lbscents per ib.
or 14	Commedity and Unit Pri Ago	69.50 59.70 Apr 60.00 60.8 69.50 62.77 Jun 63.45 63.8
ind	Coffee 4 Sonton Ib	525 5140 Dec 5145 547
		67.AS 64.00 Feb 65.25 65.3 67.57 65.25 Apr 66.25 66.3 Est. Soles 10.534 Prev. Soles 15.345
are	Tin (Sirgits), ib 6,0016 Closed	Est. Sales 19.5M Prev. Soles 15.345 Prev. Day Open Int. 56.856 eR 2.125 FEED &R CATTLE (CME)
пþ	Zinc E. St. L. Basis. lb	44,000 lbs cents per 85. 74.20 44.55 Apr 65.75 65.9
ac-	Source: AP.	72.75 64.80 May 65.65 66.1 73.70 66.60 Aug 68.47 68.8
me	7000	7232 67.10 Oct 68.10 68.3 7232 67.10 Oct 68.10 68.3 73.20 67.90 Nov 68.75 68.5
on)	Treasury Bills	79.60 69.25 Jon 69.50 69.5 Est Soies 1.20 Prev Soles 1.27
ear		
		Prev. Day Open Int. 8,508 off 183 HOGS (CME)
on	Dore Bid Ask Yid 4-75 7.51 7.49 7.40 5-2 7.72 7.14 7.77	Prev. Day Open Int. 8,508 off 183
ing	Dove Bid Ask Yid 4-25 7.51 7.49 7.40 5-2 7.22 7.16 7.27 5-9 7.32 7.26 7.28 5-10 7.41 7.37 7.51	Prev, Day Open Int. 8,508 off 183 HOGS (CME) 30,000 lbs. cents per ib.
	Due Bid Ask Yid 4-25 7.57 7.6 7.40 5-2 7.52 7.6 7.27 5-9 7.22 7.46 7.27 5-16 7.21 7.27 7.2 5-20 7.21 7.27 7.2 5-20 7.21 7.27 7.2 5-30 7.25 7.29 7.45 6-76 7.48 7.44	Prev, Day Open Int. 8,508 off 183 HOGS (CME) 30,000 lbs. cents per ib.
ing	Dore Bid Ask Yid 4-25 7.51 7.69 7.44 7.45 7.51 7.51 7.51 7.51 7.51 7.51 7.51 7.5	Prev. Dov Open Int. 8,598 off III3 HOGS (CAME) 30,000 list- cents per ib. \$4,45
ing	Due Bld Ask Yid 4-75 7.51 7.67 7.40 5-7 7.22 7.16 7.27 5-9 7.32 7.26 7.38 5-16 7.41 7.37 7.51 5-22 7.31 7.27 7.42 5-30 7.35 7.29 7.45 6-6 7.54 7.46 7.46 6-10 7.54 7.46 7.46 6-20 7.53 7.47 7.49 6-20 7.53 7.47 7.49 6-21 7.52 7.48 7.46 7.53 7.47 7.49 7.55 7.75 7.71 7.84 7.55 7.75 7.71 7.84	Prev. Dav Open Int. 8,598 bH IIS HOGS (CAME) 30,00 lbs. cents aer ib. 54,45
ing the pan	Dore Bid Ask Yid 4-25 7.51 7.67 7.40 7.40 7.40 7.40 7.40 7.40 7.40 7.4	Prev. Dov Open Int. 8.598 bH IIS HOGS (CAIE) 50.00 lbs. cents aer ib. 51.45 42.60 Apr 42.45 437 53.40 47.25 Jul 52.45 448 54.77 4.93 Jul 50.45 50.8 51.75 45.90 Oct 47.25 43.8 51.86 44.75 Feb 48.2 49.8 40.5 47.90 Jun 48.35 43.4 61.5 45.90 Apr 45.35 45.4 61.5 45.90 Int. 23.84 up 131 Priv. Dov Open Int. 23.84 up 131 PORK SELLIES (CARE) 38.00 lbs. cents per 8.
ing	Dove Bid Ask Yid 425 7.51 7.9 7.60 4.25 7.51 7.9 7.60 4.25 4.35 4.36 4.36 4.36 4.36 4.36 4.36 4.36 4.36	Prev. Day Open Int. 8.598 bH IIS HOGS (CALE) 30.00 lbs. cents per lb. \$4.45
ing the pan	Doe Bid Ask Yid 425 7.51 7.6 7.40 425 7.51 7.6 7.40 425 7.51 7.6 7.40 7.40 425 7.5 7.6 7.40 7.40 7.40 7.5 7.6 7.6 7.6 7.6 7.6 7.6 7.6 7.6 7.6 7.6	Prev. Day Open Int. 8,598 off III3 HOGS (CALE) 30,000 list- cents per ib. \$4,45
ing the pan	Due Bld Ask Yid 425 7.50 7.40 7.40 425 7.50 7.40 7.40 425 7.50 7.40 7.40 425 7.50 7.40 7.40 425 7.50 7.40 7.40 425 7.50 7.40 7.40 7.40 7.40 7.40 7.40 7.40 7.4	Prev. Day Open Int. 8.598 bH IIS HOGS (CALE) 30.00 lbs. cents per lb. \$4.45

### Gold Options (prices in S/OL) Phone May Aug. Nov 1500-1650 900-1650 500-450 250-400 1.50-300 075-200 24.25.26.00 19.50.71.00 15.50.17.00 12.50.14.00 10.00.11.50 200222 15751736 1280139 8751025 625 775 450 680 O# 3925-3975 Valeurs White Weld S.A. 1. Quai de Mont-Blanc 1211 Genera 1, Switzerland

7.86 7.86 7.87 7.95 7.96 7.97 7.97 8.10 8.10 8.10 8.10

COFFEE C (NYCSCE)
37.500 fbs. cents per fb.
13200 fbs. cents per fb.
13200 122.01 May 140.00 142.1
147.50 127.00 5u1 140.00 142.1
147.50 127.00 5uc 137.70 141.1
144.55 127.00 5uc 137.70 141.1
144.55 127.00 5uc 137.70 141.1
144.50 127.50 6uc 137.70 141.0
142.51 127.50 May 139.00 141.0
147.50 132.50 May 140.50 140.5
147.50 132.50 5ep
Est. Salest Prev. Soles 2.500
Prev. Day Open Int. 13209 6tt 327

Prev. Day Open Int. 13,289 off 32 SUGARWIGHLD II GHYCSCE: 112,800 lbs.- cants per lb. 10,50 lbs.- cants per lb. 10,50 lbs.- cants per lb. 19,75 lbs.- lbs.- lbs.- lbs.-19,75 lbs.- lbs.- lbs.- lbs.-19,75 lbs.- lbs.- lbs.- lbs.-19,75 lbs.- lbs.-19,75 lbs.- lbs.- lbs.- lbs.-19,75 lbs.- lbs.- lbs.- lbs.- lbs.-19,75 lbs.- lbs.- lbs.- lbs.- lbs.- lbs.- lbs.-19,75 lbs.- lbs.- lbs.- lbs.- lbs.- lbs.- lbs.- lbs.-19,75 lbs.- lbs.-

Mon Jul Sep Dec

140.90 142.18 140.30 142.10 140.40 142.25 140.30 142.12 139.80 141.75 139.80 141.70 139.78 141.90 139.60 141.70 139.78 141.90 139.60 140.90 140.50 140.50 140.50 140.50 140.50 140.50 140.50 140.50 140.00 140.00 140.70

### Fed Dampens U.S. News Has Little Impact on Eurobond Market

(Continued from Page 11)

sharply, many foreign investors are just prior to the first put date. (In sitting on big foreign exchange all, the Chrysler issue, marketed profits because the dollar is still higher than what they paid for it and generates a higher income than risk if Chrysler goes bust before can be had in alternative invest-ments. To which, of course, must be added the remaining uncer-tainty whether the dollar is on a one-way road headed lower or on a

But one point on which market experts are agreed is that there is very limited accumulation of new dollar holdings. The current buyers are institutions that want dollar as-

interest rates fall the potential capital gains as well as the actual current income to be made on high
yielding Eurodollar bonds balances

The sensation of the week was out the foreign exchange loss if the dollar declines.

Playing to this speculative mar-ket, Banque Paribas last week of-fered for sale at \$22 each 75,000 warrants to buy \$75 million of Chrysler Financial 13th percent bonds due in 1994 at a price of 102. The warrants have a life of four years, which coincides with the first "put" option on the Chrysler bonds. In 1989 and again in 1991, bondholders can request redemp-

If interest rates then exceed 1314 percent, there would no incentive for investors to hold the bonds and redemption would be sought. In that case, the warrants would expire valueless. But if rates have dropped, the price of the bond (assuming Chrysler remains a cre-ditworthy firm) would presumably soar - as would the value of the warrant.

Paribas calls this a forward-forward option -a four-year contract on whether interest rates (and Chrysler) will justify the \$22 initial outlay, and in 1989 a second option to buy the bonds at \$1020 each.

This is the first package where one company is selling options to

buy bonds of another company (as opposed to options to buy U.S. government securities, which have previously been done).

entered into repurchase-type agree- said.

**U.S. Futures** 

ANS (CBT)

77) -- dollars per bushel | Mov 5.94% 5.96% 5.97% 5.98% 5.98% 5.98% Aug 6.03% 6.05%

Livestock

50.57 50.48 54.50 54.50 54.50 54.50 54.50 54.50 54.50 +40 +20 +25 +10 +.15 -.05 +.20

+.48 +.30 +.28 +.30 +.30 +.50

- 38 - 18 - 03 + 15

+01 +01 +01 -05 -05 -05 -05 17749745745

44444

5.97% \$.04% \$.05 \$.07% \$.17% \$.29 \$.36%

ments with holders of \$75 million the terms on \$250-million of 10- its debut in the dollar market, of Chrysler bonds to take the bonds year bonds for Texaco, which were priced its 11-percent, five-year risk if Chrysler goes bust before then as it has insured itself against this possibility.

The Chrysler bonds are currently

tainty whether the dollar is on a cone-way road headed lower or on a collect coaster currently in a trough to be trading at 104% for the war-

lion of five-year, 11% percent notes with three-year warrants to buy sets to match their liabilities (insurance companies) or that are limited to dollar holdings (dollar bond funds).

Dollar bonds also appeal to some speculators who reason that if interest rates fall the potential capital solutions that want dollar as with three-year warrants to buy U.S. Treasury 11 percent bonds due in 1990 at a price of 101½ (half to dollar holdings (dollar bonds as actually trading at 102½, ended the week at 100½ with the interest rates fall the potential capital solutions.

### Alcoa Profit Fell 93.2% in Quarter

New York Times Service NEW YORK - Aluminum Co. of America reported that earnings declined 93.2 percent in the first quarter of 1985, to \$6.7 million, or 8 cents a share, from \$97.8 million, or \$1,20 a share, a year earlier. Sales for the quarter were \$1.3 billion, down 13.3 percent from a company record of \$1.5 billion in the 1984 period, Alcoa said on Fri-

The decline in part reflected a drop in operating income from alu-mina and primary aluminum ingol operations, the Pittsburgh-based company said. The 1984 quarter's results included nonrecurring gains of \$8.7 million, or 11 cents a share, from joint-venture agreements, and \$5.3 million, or 7 cents a share, from a real estate transaction.

### 2 U.K. Textile Plants Close Reuters

WREXHAM, Wales — Courtaulds, a British textile firm, said Sunday it would close two factories in North Wales with the loss of 1,100 jobs. Workers have been giv-Paribas can do this because it has en 90 days' notice, the company

Prev. Day Osen Int. 2,885 us 1
SILVER (COMEX)
\$500 hray oz. canta ser hray oz.
475.0 \$57.0 Apr
1511.0 \$57.0 Apr
1511.0 \$57.0 Apr
1511.0 \$57.0 Apr
1610.0 \$57.0 Dec 461.5
1610.0 \$70.0 Dec 461.0 Dec 76.0
1610.0 Dec 76.0 Dec 76.0 Dec 76.0
1610.0 Dec 76.0 Dec

PALLADIUM (NYME)
160 troy oz-dollors per oz
15/50 106.55 sep 16
14/1-50 106.55 sep 16
14/1-50 106.50 Dec 18
14/1-50 106.50 Dec 18
12/50 106.50 Acr 11
Est. Seles Prev. Sed
Prev. Day Open Int. 4,922
GOLD (COMINO)
100 troy oz-dollors per troy
514.50 202.40 Apr 22
27/00 27/00 Oct 27
45/50 27/00 Oct 27

US T. BILLS (IMAN)
51 militors-phe of 100 pct.
72.55 27.14 Jun 92.18 92.
72.57 26.54 Jun 92.18 92.
72.57 26.54 Jun 92.18 92.
72.58 26.77 Dec 91.23 91.37 91.
72.58 26.30 Abor 90.87 90.
70.24 82.00 Sep 90.35 90.
70.25 26.00 Sep 90.35 90.
70.38 27.38 Abor
Prev. Doy Open Ind. 40.678 off 255
Prev. Doy Open Ind. 40.678 off 255

PTW. DOY OPEN ITT. 40.4% OT 33

18 YE. TREASURY (CST)

\$100,000 prin- pris & 32nds of 100 pc

2-8 70-9 Jun 81-24

81-12 75-13 Dec 80

80-8 75-14 Aug 79-7

7-36 TS PTW. Soles Prov. Soles 100

PTW. Joy Open Ist. 40,751 of 240

ET TES ASURY EDNIES (CST)

Prev. Doy Open 1st. 46,751 off 262
US TREASURY BONDS (CBT)
(8 pct-Silon)00 psis 2-2mds of 100 psi
77-15 57-20 Jun 77-3
74-2 57-10 Sep 71-1
76-5 57-4 Dec 71-1
76-5 57-4 Dec 71-1
76-5 57-2 Jun 68-15 (77-3
70-16 58-29 Jun 68-15 (77-3
70-16 58-29 Jun 68-15 (77-3
70-24 58-25 Dec 67-8
68-24 58-25 Dec 67-8
68-24 58-25 Dec 68-4
68-8 48-24 Sep 56
68-8 48-24 Dec 58-16-1
Frev. Doy Open 1m278-378 up 1.33
GMBAB (CBT)

CERT. DEPOSIT (IMMA)
SI million-ptied 100 pct
97.42 85.20 Jun
97.54 85.34 Dec
97.55 85.34 Dec
97.55 85.34 Dec
97.57 86.70 Jun
97.50 97.55 Sep
88.99 88.34 Dec
Ext. Solles Pray. So
Pray. Day Open Int. 6.255
Pray. Day Open Int. 6.255

Prev. Day Open (nd.218.3% up 1.584

GMAAA (CST)

\$100.000 pc lin- whs 20nds of 100 pcl

70-10 57-17 Jun 77-4 70-10 70-2 78-3

68-19 57-12 Sep 68-12 69-13 68-12 68-12

68-1 59-4 Dec 68-12 69-13 68-12 68-34

68-1 58-20 Mar

67-22 58-25 Jun 67-2

67-25 58-25 Jun 67-2

67-2 78-2

58-2 Frev. Day Open Int. 4(275 up 281)

646.3 646.5 655.3 664.8 679.7 685.1 695.5 706.8 731.2 750.6

72-1 70-31 70-2 64-8 67-26 64-8 65-34 65-34 65-34 65-34

91.46 90.85 90.33 89.92 89.57 89.26 80.59

22222222

777777

705.0 705.0 712.0 727.7 691.0 705.0 712.8 725.0

<u>Financial</u>

691.0 705.0 712.0 725.0

straight issue?" bankers asked. The terms on the other U.S. cor-porate bonds sold last week were ilso considered too aggressive, but

less outrageous than Texaco's. General Electric Credit offered 15-year bonds with a coupon fixed for only the first four years at 10% percent —a narrow 8½ basis points over comparable Treasury yields at the time of offering. GEC can call the issue or investors can request to be repaid at the coupon resetting. At that time, GEC can set a coupon for as short as one year or as long as final maturity.

American Express Credit's fiveyear notes bearing a coupon of 10% percent and sold at a ½-point discount were priced to yield 40 basis points over Treasury paper - also regarded as too stingy. By comparison, Sweden offered five-year notes at par bearing a coupon of 10% percent and had a favorable reception.

priced at par bearing a coupon of notes at a premium of 10014 for a 1116 percent. Texaco has two convield of 10.95 percent compared to

wertible bonds, issued last year and maturing in 1994, which currently yield 11.3 percent. "If you can pick up a higher yield and get a free option on the stock, why not buy the convertible instead of the new the convertible instead of the new percent notes at par and four-year, 114 percent notes at par and four-year, 114 percent notes priced at 100% to prove the convertible instead of the new percent notes priced at 100% to prove the convertible instead of the new percent notes priced at 100% to prove the convertible instead of the new percent notes priced at 100% to prove the compared to the provent prove notes at par and four-year, 114
percent notes priced at 100% to
yield 11.21 percent — were arranged as vehicles for currency

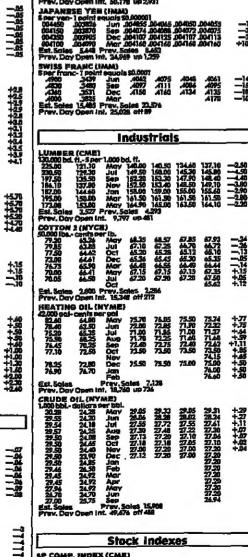
swaps.
Worth noting is the shortening maturity on the sovereign paper to five years or less — which would conform to the standard preferences of central banks which invest their dollar holdings in this market.

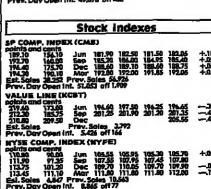
The Eurosterling market benefited from the absence of any new issues, a continued rise in the pound's value and a downtrend in domestic interest rates.

The DM sector, despite a heavy calendar, benefitted from the shift in currency preferences as well as a favorable outlook for a decline in interest rates. As a result, the place left open in the new-issue calendar by Malaysia's decision to postpone by Ireland, which offerent 150 mil-lion DM of 73-percent, 12-year bonds at par. This was only the third issue so far this year with such

The Council of Europe, making a relatively long maturity,

	3.2 percent in the first										
of	1985, to \$6.7 million, or	l l	•	7~~		Fa		:	~~		
2 5	hare, from \$97.8 million,	1		OH	apany	La	LI	Щį	48		- 1
a	share, a year earlier.		Revenue and profits, in millions, are in local currencies						- 1		
10	r the quarter were \$1.3				unless other						- 1
uu	wn 13.3 percent from a record of \$1.5 billion in					-			- :		-
	eriod, Alcoa said on Fri-	Unite	d Sto	rtes .	Fic	elcor		9 MG	eaths	1985 201.0	1784
	crion, Anoda Sain pii 111-				1st Quar.	1985	1984	Revent		201.0 20.9 202	178.0 24.9 1.70
ier	line in part reflected a	ist Quar.	acardi 1985		Per Share	11.7	9.77 1.50	Per St	Dre	2.02	1.70
	erating income from alu-	Revenue	10.0	52.7	Fet 9	ecurity	,	M	iddle	South	Util.
di	primary aluminum ingot	Per Share	0.50	0.59				Let C	MET.	1985 754.1 135.47	1984 740.0 134.17 0.80
ITIS	the Pittsburgh-based				ist Quar. Net inc	1985 2.1 0.17	1984° 5.9 0.47	Net los	-	13547	134.17
V S	aid. The 1984 quarter's	pell	& Ho		Per Share	0.17	0.47	Per 5N	_	_	
oci	uded nonrecurring gains	ist Quer. Revenue	198	1994 1457 5.01	Fst W	isconsi	n-			Eng. E	
mil	lion, or 11 cents a share,	Net Inc.	9.4	5.01	1st Quar.	1985	1984	Reven	duar,	1985 376.9	397.3
	venture agreements, and	Las and die			Net Inc Per Share,	0.93	8.38	Nel Ind Per Sh	are	47.06 1.93	397.3 41.94 1.70
llic	on, or 7 cents a share,	Coast	Fed.	Savg						c Elec	_
ea.	estate transaction.	1st Quar.	7985	5 1984	Homes	tead Fi	n.		Juar.	1985	1984
_		Net Inc Per Share	199.2	(a)1.5	Isi Quer.	1965	1984	Rever	9	290.0 34.84	1984 264.3 34.15 0.64
T	extile Plants Close	a: loss	. 0.0	. –	Het Inc Per Share	0.27	0.15	Net in	are.	0.66	0.64
		_	_		Kentu	dky Uti	1.	W	lest.	Co. A	mer.
	Rewers	Comm	onwi	th Ed.		•		197 (	Quer.	1985	1984 140.8
	IAM, Wales — Cour-	1st Quer,	1991	1984	Tst Quer.	1985 148.8	145.4	Reven Net Lo	55	175	6.61
	British textile firm, said	Revenue	1,200	1925	Net Inc Per Share	0.98	1984 145.4 21.3 1.16	1985 of \$451	net inc	ludes for	e credit
	vould close two factories	Per Share_	0.93	0.97						Germ	MY
	Wales with the loss of	Equit	able S	Skep	Lomes à	LAGIN	TOIL				
	Workers have been giv-	1st Quer.	100		3rd Quar.	1985	1984			rering	
lay	s' notice, the company	Net Inc	7.44	1984 5.01 0.47	Nel Inc.	70.5 10.5	59.8 8.8	Reveni		1984 4890. 138.0	1983 4,300. 80.0
		Per Share	. 0.82	0.47	Per Share	0.71	0.60	Profile		1380	80.0
7	Season Season				Samuel Comm	_					
Ш		High Low	Close	Chg.	High Lov		Орел	High	Low	Close	Che.
М	2130 1960 May		2145	#	EURODOLLA	RS (LMM)					
	2110 1960 Jul Est, Sales Prev. Sales 1 Prev. Day Open Int. 26,323 off B	L880	2145	72	\$1 million-pts o	100 pct.	21.78	91.76	91.03	<b>61 16</b>	12
_		•			98.73 84.5		90.62	91.26 90.76 90.17 89.75 89.33 89.03 80.57 80.53	DO 44	91.10 90.48	-35
	ORANGE JUICE (NYCE) 15,000 (bg cents per lb.				RG 76 RA 1	fi Atom	90.10 89.49	89.75	89.97 89.55 89.27	39.56	-,14
٦İ	185.00 151.00 May 155.05 184.85 155.00 Jul 155.20	156.05 155.00 155.05 154.00	156.00 155.80	+45	89.44 86.1 89.14 87.5	Sec.	89.43 89.43 88.72	87.03	89.00 89.00	89.21 68.90	_16
ᅬ	15,000 (ba cents per lb. 185,00 151,00 Mery 155,05 184,85 155,00 Jul 155,05 182,00 154,50 Sep 154,80 181,90 153,15 Nov 151,00	155.85 154.60 155.10 154.60 153.85 152.85	155.10 153.00	-10	89.27 87.2 88.44 87.4	4 Mor	26.47	82.73	88.60	88.37	
	180.00 152.90 Jan 154.00 177.50 156.00 Mar	154,00 153,00	153.00	40 55 55	Est, Sales Prev. Day Open	Prev.5	oles 5	7,407			
	142.50 148.00 AAnv		153.10	- 55	BRITISH FOU	NID (IAAA)	13				
	157.50 157.50 Jul 180.50 179.75 See Est. Sales 350 Prey. Sales		153.10 153.10	-55	Sper pound- 1 P	ohni equal	\$0,00 1,2850	1.2880	1.2826	1.2850	-35
	Est. Sales 350 Prev. Sales Prev. Day Open Int. 4,487 up 54	342			1.4456 1.020 1.2800 1.020	Sep Dec	12600	1.2000 1.2770	2750	2770 12735	—35 —35
					1.2006 1.06	Mor Prev. S		12279	1.22.29	1.2770	-35
	Met	als		11	Est. Sales 7,11 Prev. Day Oper	o Frev. 5	gles (i	1,540 04			
i	COPPER (COMEX)				CANADIAN D						
	COPPER (COMEX) 25,000 lbs cents per ib. 65AS 61.25 Apr		49.75	_96	,7535 .760	A TIME	.7371 .7380	,7397	.7383	.7395	+0
	72.50 56.20 May 63.40	63.45 62.75	62.95	-25	.7564 .700	Jum Sep Dec Mos	.7350 .7350	.7382 .7374	.7366 .7359	7379 7367 7351 7345	+9 +7 +4
	MB.25 57.00 Jul #4.25	41.35 43.40 41.75 44.00	63.85	<b>-26</b>	.7504 .692 7340 707	Mor O Jun				.7351 7345	
	82.25 57.00 Jul 64.25 82.10 57.50 See 64.60 84.25 58.50 Dec 65.00 84.20 97.60 Jon	64.75 64.00 65.25 64.40	銏	15	Est. Sales 1,01 Prev. Day Oper	Prev.5	oles 1	177			
٠,	84.20 59.60 Jon	45.70 45.20	45.75 45.58 45.90 44.30	-15	ENTHEL TOA	Mer france					
	74.00 57.60 Mar 65.55 74.00 61.16 Mary 65.90 74.40 61.30 Jul 64.05 70.90 62.30 Sep 66.85	14.20 15.40 14.20 15.40 14.30 15.40 14.30 15.40	65.50	_13	Sper trans-1 pc .11020 .0941 .10760 .0966	Ant equals	\$0,000 10950	01 .10965	10950	-10955	-20
	74.40 61.30 Jul 64.05 70.90 62.30 Sep 66.85	64.35 65.80 64.85 64.85		<b>_10</b>	10760 .0966	0 Sep	10940	10940		10940	
	70.30 64.50 Dec 70.20 65.30 Jan		67,05	10	Est. Spies	Prov. S	ales	2		.10925	
	70.20 65.30 Jon Est. Sales Prev. Sales 21 Prev. Day Open Int. 70,247 off 1,	.413 SN9			Prev. Day Opel	1117. 146	<b>M</b>				
	ALUMINUM (COME)			,	GERMAN MA Sper mork-1 pm	yer sanop	\$0,000		-	-	_4
	49,000 lbs. cents per lb. 49,50 42,70 Apr		42.75 42.85	+.35	3733 290 3545 293	g Sep	1376 1377	3407 3433	3389 3423	.3373 .3397 .3425 .3443	7
•	49.50 41.70 Apr 82.90 47.40 Mgy 48.75 49.85 49.80 Jun	48,85 48,70	42.25	+.15 +.10 +.05 +.05	3545 293 3610 297 3415 384 Est. Soles 22,00 Prev. Day Opes	Dec Mar	,3430	.3433	.3423	.3425 .3443	=
- 1	57.40 48.50 Jul 49.70 74.30 49.25 Sep 50.40 70.60 50.45 Dec 51.70	#30 #30 90.45 90.40 91.70 91.70	49.25 49.45 50.45		Est. Soins 22.03	2 Prev. Se	ales 37	A29			
-	74.30 49.25 5ep 50.46 70.50 50.45 Dec 51.76	50.45 50.40 51.70 51.70	57.6	-05	TABLESHOP V	ėm present					
1	70.00 51.75 July		51.45 52.65 52.65 53.45 54.45	05 05	\$ per yen-1 pc/r 004450	d equals S	0.00000 004055	1 004145	004050	004054	-1
	64.75 S1.75 May 63.45 \$5.05 Jul 52.10 51.80 Sep		53.65 54.45		004150 .00387	Sep .	004074	004088	004072	004075	3
	\$2.10 51.80 Sep		55.25	- 85 - 85 - 85	804100 .00409	Mar.	004160	00grag .	104160	20(160	+10
		577	54.45 54.85	05	Prev. Day Oper	int, 24,96	Pup I	239			
!	Est. Sales Prev. Day Open Int. 2,885 up 12	parr		- 1	SWISS FRANC	(MMI)					





Commodity Indexes						
ody's viers J. Futures m. Research Bureau loody's ; bose 100 ; Dec. preliminary; f - final	Close 951,90 f 1,868,30 N.A. N.A. 31, 1931.	Previo 951.0 1,886.5 122.9 242.8				

Reuters : base 100 : Sep. 18, 1931, Dow Jones : base 100 : Dec. 31, 1974,

**ACROSS** 1 Pack down lightly 5 Sea mosses 10 Tuck away 14 African plant 15 Posts

17 ---- Park Calif. 20 Chopping tool 21 Club 22 Fixed in position 23 Beethoven's

26 Tasmania's capital expressions 30 And others: 31 Increase a poker bet 32 Crooked

birthplace

35 Trees on which silkworms feed 39 Trampoline 48 Roman date 41 Kind of

42 E.r.a., r.b.i., etc. 43 Quoits player 45 Collects in condensed 101101

New York Times, edited by Eugene Maleska

50 Stain 51 Droop 54 Long Island hard-shell 58 Baking

compartm 59 War horse 60 A Dumas 61 Examine 62 "If My Friends Could—— Now," 1966 63 Port opposite Taiwan

DOWN

1 Scarlett's home
2 Actor Karras 3 Style 4 Church seat 5 Quantity 6 Burden 7 Certain snares 8 Ga. neighbor 9 Superlative suffix

16 Victor's loot 11 Trace of color 12 Walk --- (be elated) 13 Joins inseparably 18 Fragrance 19 Tuesday refrain 23 Latvian, e.g.

24 Babies' beds 25 French river 26 Cut down 31 Litter peewe 32 Triumphs

network 34 North Sea 36 Lure into danger 37 Home of Lot's 38 Harsh sound 42 The-

superior 46 Search carefully 47 Turns

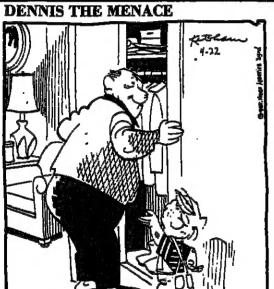
51 Part of a strawberry 52 Flying prefix 53 Author Zane predecessor 56 Resident of:

57 Bath is one

33 Neural

channel pear the Isle of Wight 43 Vacuum tube 44 Unctuous 45 Prior's

48 Kind of pole



IF YOU TELL ME WHAT YOU'RE LOOKIN' FOR MR. WILSON, I'LL TELL YA WHAT CLOSET ITS IN."

JUMBLE THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee RIMEN CUDIL SULTES WHAT SHE SAID AT THE COSTUME PARTY. **GELIGG** Now arrange the circled letters to form the surprise answer, as aug-gested by the above cartoon. "FOR O

Jumbles: POUND ENSUE STUDIO WISELY Answer: What the yo-yo business has--

### WEATHER

Shabeets; se-show; Shabothy.

MONDAY'S FORECAST — CHANNEL: Rough, FRANKFURT: Overcost
Temp. 12—6 (54—43), LONDON: Overcost, Temp. 19—0 (59—22), MADRID:
Roin, Temp. 13—7 (55—45), NEW YORK: Foil: Temp. 21—1 (45—45)
PARTS: Cloudy, Temp. 14—4 (57—35), ROME: Pdil: Temp. 21—7 (45—45)
TEL AVIV: Foil: Temp. 25—13 (77—55), ZURICH: Overcost, Temp. 13—(55—43), BANGKOK: Tumpderstorms, Temp. 37—7 (79—6)), HOME KONGFoir, Temp. 25—21 (79—70), MANILA: Cloudy, Temp. 34—25 (93—77)
SEOUL: ROIN, Temp. 22—8 (72—46), SINGAPORE: Timpderstorms, Temp. 32—24 (99—75), TOKYO; Showers, Temp. 21—11 (79—52).

**PEANUTS** 

LOVELY, JUST

BEETLE BAILEY

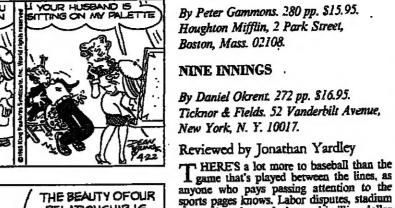


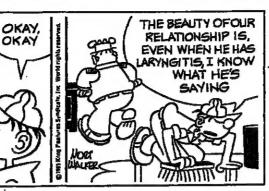
YOU WORK SO WELL





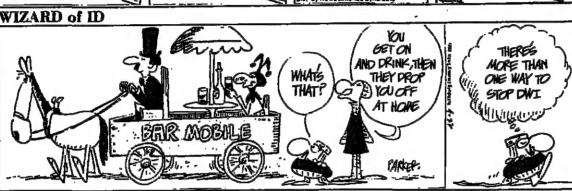
I WISH I COULD IT YOU





ANDY CAPP OPERATION VESTERDAY. SHALL I COME IN AND GIVE YOU THE DETAILS?





REX MORGAN WHEN BRADY
BISHOP DISCOVERS THAT HIS WIFE
CLAUDIA IS THREE MONTHS
DELINQUENT IN HER CAR PAYMENTS
HE CALLS THE LOAN OFFICER. I'LL DO THAT MR. BISHOP, WE'RE NOT INFALLIBLE -- BUT CHECK MMEDIATELY! THANK YOU! 4 NOW YOU'RE THE YOU HAVENT MADE AN ERROR, HAVE CREDITED ANOTHER ACCOUNTS



**SPORTS BRIEFS** 

INGLEWOOD, California (UPI) - Undefeated Julio Cesar Chavez knocked

out Ruben Castillo in the sixth round Friday night to retain his World Boxing

Council super featherweight title. On the same card at the Forum, Juan Meza won by a technical knockout over Mike Ayala in the sixth round of their bout to retain

his WBC super bantamweight championship.

Chavez, who controlled every round, opened a cut over Castillo's left eye with a

Chavez, who controlled every round, opened a cut over constant punches, then left jab in the fourth. In the sixth, Chavez landed two painful body punches, then left jab in the fourth. In the sixth, Chavez landed two painful body punches, then

unleashed a five-punch flurry to the head that knocked down Castillo. Referee Carlos Padilla counted out Castillo at 2:53 of the round. Chavez, of Mexico, is 44-0

Meza, from Mexico, is 43-6 with 34 knockouts while Ayala, of the United States.

is 37-3. It was Meza's first defense of the title he won in November with a first-

Langer Leads After 3 Rounds in U.S. Golf

HILTON HEAD ISLAND, South Carolina (UPI) — The new Masters champion, Bernhard Langer, got five birdies on his last nine holes Saturday for 2-under-par 69 and a one-stroke lead after three rounds of the Sea Pines Heritage Golf Classic.

Langer, who trailed Bobby Wadkins and Paul Azinger by one stroke after Friday's round, was at 203 after three rounds. That put him one stroke ahead of Danny Edwards, who shot 68 Saturday. At 205 were Wadkins, after a 72, and Larry Mize, who shot 67. Larry Nelson, with a 70, was at 206, and Azinger was at 207.

Wales Defeats England in Rugby Finale

CARDIFF (UPI) — Wales claimed third place in the Five Nations Rugby Union
Championship on Saturday by defeating England, 24-15, in a match delayed two
months because of the harsh winter weather.

Ireland won the title last month with seven points to France's six. Wales finished

NEW YORK (NYT) -- Eternal Prince, who won the Gotham Stakes two weeks

The triumph probably will make the 3-year-old colt one of the favorites for the

Proud Truth, the 8-to-5 favorite, was ranked early, then fell back, but closed well-

Olympic gold medalist Carlos Lopes ran the world's fastest marathon Saturday.

winning the Rotterdam race in 2 hours, 7 minutes, 11 seconds. That surpassed the

Sweden held a 2-1 lead over Chile in the opening round of Davis Cup play in Santiago. The Swedish doubtes team won, 6-1, 1-6, 6-3, 6-3, Saturday.

One day after ending its basketball program because of the point-shaving scandal. Tulane University promoted its football coach, Mack Brown, to athletic director.

Kentucky Derby, but the style of his victory was unimpressive. Eternal Prince finished the 14-mile course in 1:48 4/5.

ago, set a slow pace Saturday that carried him to an easy 21/4-length victory over

third on four points, England fourth with three and Scotland last with zero.

Proud Truth and Rhoman Rule in the Wood Memorial at Aqueduct.

to be second. Rhoman Rule, the third choice, tired in the stretch.

2:08:05 run by Steve Jones in the Chicago Marathon last October.

Brown, 33, replaces Hindman Wall, who resigned last week.

For the Record

**Eternal Prince Wins Wood Memorial Race** 

with 40 knockouts. Castillo, of the United States, is 64-5-2.

round knockout of previously unbeaten Jaime Garza

Chavez and Meza Retain WBC Crowns





### Coach Indicted In Steroid Case

United Press International NASHVILLE, Tennessee -Vanderbilt's strength coach, E.J. Kreis, resigned Saturday, one day after a grand jury indicted him on seven counts of

At Vanderbilt

illegally distributing steroids. A 97-count indictment was returned by the Davidson County grand jury on Friday, charging Kreis with illegally distributing steroids to athletes at three universities.

M. Woody Wilson, who formerly operated a pharmacy near the Vanderbilt campus. and Thomas Patterson, a former employee of the drugstore, were indicted with Kreis.

All three were named in a

conspiracy count, and the re-maining 96 counts dealt with dispensing drugs without a pre-scription. Each count is a misdemeanor and carries a maximum penalty of 11 months and 29 days in jail and a \$500 fine. Kreis was named in seven counts, Wilson in 90, and Patterson in five. Forty-three pre-sent and former Vanderbilt football players were named as

unindicted co-conspirators. The indictments were returned after a three-month investigation by the Tennessee Bureau of Investigation, which contends that the drugs went to athletes at Vanderbilt, Colgate and Clemson universities.

Arzo Carson, bureau chief, said the drugs were primarily steroids and phenylbutazone. an anti-inflammatory drug. Clemson strength coach Sam Colson and track coach Stan Narewski pleaded guilty last month to misdemeanor charges

of illegally possessing and dis-

tributing prescription drugs.

# Mets Add to Phillies' Miseries

United Press Inter PHILADELPHIA - Keith Hernandez blooped a broken-bat single with two out in the ninth inning Friday night to score Wally Backman and give Dwight Gooden and the New York Mets a 1-0 vic-

FRIDAY BASEBALL

tory over the Philadelphia Phillies. Backman, batting for Gooden, led off with a single off Charles Hudson (0-1) and was sacrificed to second by Mookie Wilson, Don Carman replaced Hudson and got pinch-hitter Rusty Staub on a ground out, with Backman moving to third. Hernandez then hit a 1-2 pitch on the fists, but got it over the insield to hand Philadelphia its

fifth straight loss.

Gooden (2-0), who pitched a four-hit shutout in his last start, threw eight scoreless innings, allowing three hits and striking out seven. Jesse Orosco pitched the ninth for his first save.

Phillies starter Steve Carlton. who had a 4.09 earned-run average in his first two outings, retired the

first 12 Mets and allowed only two

hits over seven innings, walking one and striking out two. Expos 5, Cubs 3 In Montreal, pinch-hitter Jim Wohlford hit a three-run homer in

the sixth and the Expos won their home opener, 5-3, by ending Chica-go's five-game winning streak and a 16-game string by Rick Sutcliffe (2-

Reds 4, Giants 2 In Cincinnati, Eric Davis ended a 2-2 tie with an RBI single in the fourth inning and San Francisco reliever, Mark Davis, balked in a

Braves 9, Astros 5 in Atlanta, Dale Murphy drove in four runs, three on his sixth

run in the sixth as the Reds won, 4-

### happened to baseball since the greatest game in World Series history." The claim, unfortunately, would not pass a truth-in-advertising test.

pline, and produced the type of citizen neces-

sary for continued American greatness," and

thus had a more durable influence on Ameri-

can attitudes than he is generally given credit

But the structure of the game he helped create has changed tranmatically over the past decade, primarily because of what Peter Gam-

mons in "Beyond the Sixth Game" calls "the

new era" that began with the coming of free agency a decade ago. This happened not long after the 1975 World Series between the Ros-

ton Red Sox and the Cincinnati Reds, featur-

ing the memorable sixth game.; Gammons's

book, the dust jacket claims, is about "what's

for. Levine argues.

BOOKS

A. G. SPALDING AND THE RISE

By Peter Levine. 184 pp. \$16.95

BEYOND THE SIXTH GAME

leases, broadcast deals, multimillion-dollar

contracts - at times the game seems a mere

sideshow to the wheeling and dealing off the field, ever more so as the stakes get steadily

This off-the-diamond business is in varying

degrees the subject of three new books, the first

of which tells us that there is indeed nothing new under the sun. In "A. G. Spalding and the Rise of Baseball," Peter Levine has written a

brief biography of the 19th-century ballplayer-

turned-tycoon whose life's work "reaffirmed his continual desire to have monopolistic con-

trol of professional baseball rest in the hands

of competent businessmen with full power and

authority to regulate its every aspect, including

the potential competition of other capitalists and the careers of its players."

Spalding's baseball career lasted from the end of the Civil War until the turn of the

century, and its repercussions still are felt. He

was a canny, ambitious entrepreneur who guided the Chicago White Stockings to impres-

sive successes, helped found and strengthen the

National League, and built a hugely successful

sporting-goods firm. He believed that sport "built character, encouraged order and disci-

Solution to Friday's Puzzle

ALFREDHITCHCOCK

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ASCOTS

Oxford University Press. 200 Madison Avenue,

New York, N. Y. 10016.

OF BASEBALL

Garumons is a terrific reporter, but there's almost no original reporting here; what we get rather than a genuine inquiry into baseball's altered state is a game-by-game recitation of Boston's past nine seasons, spiced up with brief profiles of various actors in the neverending Red Sox melodrama Considerably more pleasure and enlighten-ment are to be found in Daniel Okrent's "Nine Innings." Okrent had the imaginative notion to focus on a single major-league game as a springboard from which to show how baseball works. The game was played between the Mil-waukee Brewers and Baltimore Orioles in June

1982, a year in which the Brewers won their division in a dramatic final-game showdown against the Orioles. Thus it could be said that the June game provided the final margin of victory for the Brewers, since they won it; but winning and losing are of less moment to Okrent than what goes on behind the scenes the actual game, in fact, tends to get lost in the." shuffle, which is the only flaw in an otherwise engaging book. As the game works its leisurely way to the

final out - the score ended up 9-7, and the playing time was more than three hours — Okrent makes leisurely inquiries into the various institutions, individuals and traditions that collaborated to make it possible. He describes the rise of free agency and the new free market under which players can move about pretty much as they wish; the labyrinthine efforts through which a major-league team was lured to the relatively small city of Milwaukee; the prevalence of "unbusinesslike practices" in many baseball offices; the relationship (or lack of same) between owners and their customers. the fans; the increasing importance of broadcast revenues; the hectic atmosphere at baseball's winter meetings, where trading is often the principal order of business.

But there's plenty of real baseball in "Nine lanings" as well. Okrent writes amusingly and

perceptively about many players on both teams, about coaches and managers, about the uneasy, ambiguous relationship between ballplayers and those perpetual outsiders, the gen-tlemen in the press box. He appears to like the players, but he doesn't go easy on them, espe-cially in his depiction of the "self-possession" and arrogance of the clubhouse. From first inning to ninth he has a lot to tell us about how baseball really works, and passionate fans are likely to regard "Nine Innings" as a genuine

Jonathan Yardley is on the staff on The Washington Post.

### BRIDGE

By Alan Truscott On the diagramed deal, it lead away from a king is often can be seen that six the best chance for the defense.

spades is an excellant contract, West led a club against six and it was reached at one table spades, which was the only by North-South. South is a notable theorist, chance. and one of his ideas came into play here. After a negative two

diamond response to a strong artificial two-club bid, a jump to the three-level has no useful meaning. South's plan is to use these umps to show some awkward distribution: a four-card major

with a five-card diamond suit. South was able to show his when North invited by jumping to five spades, he naturally

Against a small slam con- diamond suit furnished a distract in a suit, an attacking card.

way to give the defense a South gave West credit for a good lead, and put up the queen from dummy. If he had played low, the jack would

have driven out the ace and the contract would have failed, barring inspired play in the trump suit.

After the winning club guess, the A-K of trumps were distribution accurately, and cashed. The queen did not fall. but the contract was safe. There was no longer an need to take the heart finesse, for the

¢ Q73 **♣** Q54 WEST

MIBOAR

⊕5 ♥J974 ○642 ⊕K9763 SOUTH AAK92 VAQ OAKJIGS AA10

### Motley, Steve Balboni and Jim Sundberg each hit one — the first homers off Tiger pitching this sea-son — as Kansas City won, 9-2. Almost two years earlier, on April

and a single for seven RBI in Tiger \* White Sox 8, Red Sox 1

In Chicago, Carlton Fisk and Luis Salazar each hit two-run homers and Rudy Law and Harold Baines added solo shots to help win their Comiskey Park opener, an 8-1 triumph over Boston.

Rangers 4, Brewers 1 In Milwaukee, Toby Harrah hit a tie-breaking single during a three-run eighth and Dave Rozema (1-2) and Dave Stewart pitched a fivehitter as Texas won, 4-1. The Brewers' Ray Searage (0-1) had a club-

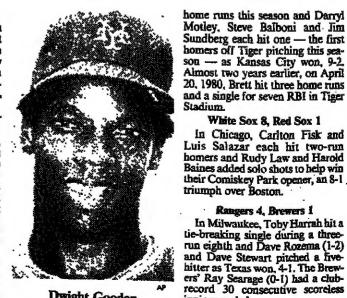
record 30 consecutive scoreless innings ended. Blue Jays 6, Orioles 5 In Toronto, Jesse Barfield capped a four-run sixth with a " three-run homer as the Blue Jays rallied to defeat Baltimore, 6-5. Barfield's third three-run homer

this season overshadowed Oriole rookie Fritz Connally's grand slam, his first major-league homer. Indians 2, Yankees 1 In New York, Julio Franco hit a

two-run homer in the first off Ron Guidry (1-1) as Cleveland edged the Yankees, 2-1. A's 4, Twins 2

In Oakland, California, Mike .... Heath hit a three-run homer and Dwayne Murphy one with the bases empty to help the A's defeat Minnesota, 4-2.

Angels 9, Mariners 1 In Annheim California, Rod Ca-In the American League, in De-Ron Romanick (2-0) spaced 16 hits rew produced two RBI singles and troit, George Brett hit his first two as the Angels beat Seattle, 9-k-





Dwight Gooden

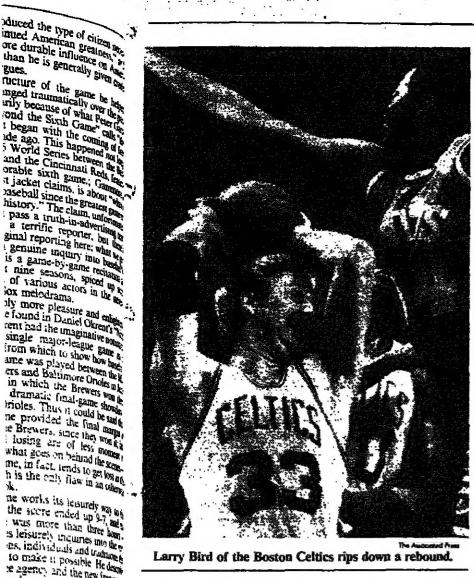
homer, to back the eight-hit pitch-ing of Rick Mahler and Bruce Sut-ter during the Braves' 9-5 victory over Houston. Mahler (3-0) struck out three and walked one in eight Cardinals 5, Pirates 4

In St. Louis, rookie Vince Coleman, called up from the minors, went four for five, including an RBI triple to right field with two out in the eighth inning, as the Cardinals beat Pittsburgh, 5-4.

Padres 11, Dodgers 2 In San Diego, former Cy Young

Award winner LaMarr Hoyt pro-duced his first victory in a Padres uniform, pitching them to an 11-2 rout of Los Angeles. Hoyt (1-1), acquired in a winter trade with the Chicago White Sox, walked none and struck out five.

Reyals 9, Tigers 2



Larry Bird of the Boston Celtics rips down a rebound.

### Brazilian, in Lotus, Wins Portuguese Grand Prix

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maximum time rule of two hours, just two laps from its scheduled full distance of 70 laps. Senna began the 4.3-kilometer (2.7-mile) event from pole position and led from the start all the way to the checkered

Second place went to Italian Michele Alboreto in a Ferrari, more than one minute behind the winner. Alboreto was the only driver to finish in the same lap as Senna.

Added to his second place in the Brazilian Grand Prix two weeks ago, Alboreto took the lead in the world championship standings with 12 points. Senna moved up into joint second place with Alain Prost of France on nine points. Prost, aiming for a fourth succes-

SCOREBOARD

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Tennis

WTA CHAMPIONSHIPS

Chris Evert Llayd (1), U.S., def. Gabriella

Evert Lloyd def. Kohde-Klisch. 5-7, 8-3, 6-1. Gorrison def. Mandillkova, 7-5, 4-4.

MEN'S TOURNAMENT

cotini, Argenting, 6-1, 1-6, 6-3.

ren, U.S., 6-3, 7-6. Tim Mayotte, U.

USFL Standings

third place in a Renault and Elio de Angelis of Italy was fourth in the other Lotus. Two laps behind the winner, Nigel Mansell of Britain, driving a Williams, came bome fifth, and West German Stefan Bellof rounded out the point-scorers by finishing sixth in a Tyrrell.

land, the third fastest qualifier, stalled on the grid and had to be push started after the rest of the cars had left.

Meanwhile Mansell, who spun the other Williams on the warm-up

Beat Cavs Again, But by Less Still Bowie getting 20. Teammate Kiki Vandeweghe had 27 points after BOSTON - The Boston Celtics

Bird Helps Celtics

still have the Cleveland Cavaliers' number, but that number keeps getting smaller. Larry Bird scored the last two of

his 30 points Saturday on a lay-up with two minutes left to play to give Vandeweghe and Darnell Valen-**NBA PLAYOFFS** 

the Celties the lead for good, and they pulled out a 108-106 victory over the Cavaliers for a 2-0 lead in their best-of-five National Basketball Association playoff series.
That was the 21st straight time the Celtics have beaten the Cava-liers in Boston Garden, but it was by an even narrower margin than

their 126-123 victory Thursday, In other first-round playoff games Saturday, the Los Angeles Lakers routed Phoenix, 147-130, for a 2-0 lead; Portland evened its series with Dallas at 1-1 by winning, 124-121, in overtime, and San Antonio evened its series at 1-1 by defeating Denver, 113-111.

On Friday, Utah upset Houston, 115-101, and Milwaukee beat Chicago, 109-100, in series openers. Sunday, Chicago was at Milwaukee, Washington at Philadelphia, New Jersey at Detroit and Utah at

The Cavaliers, who trailed by 11 points late in the third quarter, took a 102-101 lead on World B. Free's two free throws with 2:21

Cleveland twice got within a point, but a basket and a free throw by Danny Ainge kept the Celtics on top. Cleveland had a final chance to tie, but Free, who led the Cava-liers with 25 points, missed a 22-

Lakers 147, Suns 130 In Los Angeles, Kareem Abdul-Jabbar scored 20 of his 24 points in the first half as the Lakers again won easily. They could end the best-of-live series Tuesday night with a victory in Phoenix.

Bob McAdoo added 22 points for Los Angeles, Byron Scott got 21 points and Earvin Johnson had 19 points and 12 assists. The Lakers, who defeated the

injury-riddled Suns, 142-114, in the series opener, took control this time with a 32-6 spurt that started with less than two minutes to go in the second quarter. Trail Biazers 124, Mavericks 121

In Dallas, the Mavericks had their biggest weakness, rebound-ing exposed by Portland. The Trail Blazers had a 62-38

scoring just two in the first half. Dallas's Rolando Blackman, the hero of Thursday night's 139-131 double-overtime victory with 43 points, scored 41.

tine each made two free throws in the final seconds of overtime to ensure victory. Portland's Mychal Thompson had scored on a dunk with one second remaining in regu-lation to tie the score at 110. Spars 113, Nuggets 111

In Deaver, George Gervin scored 41 points and backup for-ward Jeff Cook had a key tip-in basket and a rebound in the closing seconds as San Antonio evened its series. The third game is set for Tuesday in San Antonio, where Denver has lost 15 straight.

Gervin, playing with an injured shooting hand, had been held scoreless in the first half of Thursday's opener, but came out with a flurry in this game, He scored 19 points in the first quarter and had-29 at the half, when San Antonio held a 59-56 edge. Cook put San Antonio ahead, 112-111, on a rebound basket with 32 seconds left to play, then rebounded Denver's

Jazz 115, Rockets 101 On Friday in Houston, Utah Coach Frank Layden advised his players at the half that "the score was nothing to nothing." His team then led by 17 points.

He had the game charted accurately. The Rockets sied at 71 with 2:30 to go in the third quarter.

Ralph Sampson got 26 points and 24 rebounds for the Rockets before he fouled out with 2:08 left in the game. He got 11 points in the third quarter, when the Rockets outscored the Jazz, 28-11.

But the Jazz, who were led by Adrian Dantley's 34 points, then scored eight straight and never again trailed.

Bucks 109, Bulls 100 In Milwaukee, the Bucks won as Sidney Moncrief scored 30 points while foiling Chicago's Michael Jordan in the second half.

The same was close most of the way, but five straight points gave Milwaukee its largest lead, at 95-82, with 6:42 remaining. The Bulls. closed to 105-100 with 43 seconds lest on Orlando Woolridge's jump gave up three consecutive secondshot, but the Bucks scored the last four points.

Jordan's 23 points led Chicago, but he got only four in the second half, all on free throws. (AP, UPI)



second period,

# U.S. Upsets Canada in World Hockey Play

led by Our Staff From Dupatches PRAGUE - Clark Donatelli scored two goals to lead the United States to a 4-3 upset victory over previously unbeaten Canada at the World Hockey championships Saturday night.

Earlier in the day, Finland cruised to a surprising 5-0 victory over Sweden. Czechoslovakia downed West Germany, 6-1, and the Soviet Union easily blanked East Germany, 6-0. On Sunday, Sweden battered East Germany,

Only the Soviet Union and Czechoslovakia remain undefeated each have won all three games they have played. Canada and the United States each have won two out of three; Sweden is even at 2-2, and Finland is 1-2. East Germany and West Germany have yet to win

The top four teams will enter the medal playoffs after the sevengame round robin, which ends

In the U.S.-Canada game, Tony Granato and Mark Johnson also scored for the Americans. Rick Vaive, Kirk Muller and John Anderson replied for Canada, which period goals to blow a 2-1 lead.

Vaive opened the scoring on a power play 74 seconds into the game, parking in the slot to redirect

its lead when U.S. goaltender John Vanbiesbrouck made several outstanding saves. Donatelli tied it at 5:31 on the score to 3-0 midway through the

first American shot on goal. Tom
Fergus dug the puck off the boards
behind the net and fed out front to
Donatelli, who slid a quick shot
past goaltender Steve Weeks.
Muller gave Canada a 2-1 lead at 18:32 when he cruised to within 10

Larry Murphy pass.
The U.S. team scored the only goals of the second period when it stormed to a 4-2 lead.

feet of Vaniesbrouck to redirect a

Because Canada was ranked third and the United States eighth, according to their showing in the 1983 championships, the Canadians had a more favorable schedule to start with. They quickly put their offensive chemistry together as they racked up victories of 9-1 against East Germany and 5-1 over West Germany last week.

In the Soviet-East Germany game, Mikhail Vasiliev, Alexei Gusarov, Sergei Svetlov, Nikolai Drozdetsky, Irek Gimayev and Victor Krutov scored a goal apiece for the Soviet Union, and goalie Vladimir Myshkin had his first shutout of the tournament.

The Czechoslovaks had a harder time with the West Germans, who put up stiffer resistance than the

Soccer

WORLD CUP QUALIFYING

World CUP QUALIFYING
Surgeen Group 2
Maila & Czechoslovakia 8
Palait Standings: West Germany 8: Portusol 4: Sweden 4: Czechoslovakia 3: Maita 1.
Maxt matches: April 30, Czechoslovakia vs.
West Germany: June 5, Sweden vs. Czechoslovokia): Sant. 25, Czechoslovakia vs. Portugal;
Sant. 25, Sweden vs. West Germany.

emaining Matches: April 2s. Halti vs. Guo-lato: May S. Canada vs. Halti : May 8. Can-

ENGLISH FIRST DIVISION

Sept. 25, Sweden vs. West Germon CONCACAF Group B

Canada 2. Gustemala 1

Liverpool 3, Newcastle 1 Norwich 1, Leicesler 3

Toulan & Monoco 1
Paris SG 2. RC Paris 2
Bardeaux & Rouen 8
Brest 1. Strosbourg 1
Bastle 1. Sochau. 1

Ascoli 1, Juvenius 1 Albiania 1, Como B

Fortung Dusseldort I. Walding Mannheim VIL Bochum 1, Werder Bremen 3 Bayer Leverkusen 1, Arminia Bieleield 1

Scher Leverkusen 1, Arminia Bielefeld 1
Kurlsruher SC 4, Einfracht Braunschweig 1
Einfracht Frankurt 2, vfl8 Stottgorf 9
Schalise 2, FC Cologne 3
Hamburser SV 2, Beyern Munich 1
Borussla Meenchglöch 6, Boyer Uerdingen II
FC Kolserslautern 5, Borverste Derfraund 0
Points Stoodlegs: Boyern Munich 39;
Werder Bremen 31; Bor. Maenchenglachoch 32; Hamburser Sv 32; FC Cologne 31; Boyer
Uerdingen, Vfl. Bochum, Waldhof Mannheim 39; Vfls Stuttsorf 25; Elnfracht Frankfurf 27;
Schalike, Boyer Leverkusen 26; FC Kaiserssoutern 25; Borussla Dortmund 22; Forhuta Dusseldorf, Arminia Bielefeld 29; Karisruher SC 17; Eintr. Braunschweig 14.

Transition

Nottinghom Forest 2 Coveniry 0 Queen's Pork Rangers 1, Arsenal 0 Southampton 2, Astan Villa 0

Southernaton 2, Auton Villa 9
Stoke B. Everton 2
Sunderland 0, West Horn 1
Totterham 2, Inswich 3
West Bromwich B, Chelseo 1
Luton 2, Manchester United 1
Points Standings: Everton 75; Manch

United 65: Tottenham 64: Liverpool, South-

ampton of: Sheffield Wednesday, Artenal 57; Nottingham Forest 57; Chelses 56; Aston VII-

Canada kept the puck in the score suggests. Center Darius Rus- and wingers Igor Liba and Lala American zone for the opening five nak scored on the first shot after provided the other goals in the final minutes but was unable to add to just 39 seconds on a breakaway, Jiri period. Lala finished off a neat passing pattern late in the period for a 2-0 lead, and Oldrich Valek raised the

> Yet the Germans stubbornly fought back. Uli Hiemer put them on the scoreboard when he slapped a sizzling 40-footer from the point into the high corner of the net on Kralik's suckside. Several times, the Germans almost closed the gap, but were unable to score on some

Defenseman Antonin Staviana

The Swedish team appeared to be headed for the relegation playoffs on Saturday after suffering another upset by underdog Finland, but bounced back on Sunday with its shutout of East Germany. The 11-0 victory was the most lopsided of the tournament so far.

"The victory was good for our morale," said Sweden's Coach Leif Boork. "But it hasn't helped us much, as the other contenders for the medal-round playoffs will probably beat East Germany too."
(AP, UPI)

### Oilers Defeat Jets, 5-2, To Widen Series Lead

Compiled by Our Staff From Dispatches EDMONTON, Alberta - Paul Coffey tied a Stanley Cup playoff record for defensemen Saturday night, scoring five points on two

NHL PLAYOFFS

goals and three assists as the Edmonton Oilers beat the Winnipeg Jets, 5-2, for a 2-0 lead in the National Hockey League's Smythe Di-

Quebec for the lead in postseason Quebec, 1-0, in their quarterfinal; scoring. His five points Saturday the New York Islanders facing a 1-Denis Potvin.

ter Dale Hawerchuk, out with a sit on the bench and watch him. broken rib, while Edmonton goalie

Grant Fuhr was outstanding again, blocking 30 shots. Coffey made a perfect rinkwide

pass to send Gretzky in for the game's first goal and did the corner work to create McClelland's goahead goal after Picard had tied the score. The top scoring defenseman in the NHL, Coffey then stunned the Jets and dazzled the crowd of 16,942 with two brilliant individual efforts. The teams now head to Winni-

vision final.

Coffey now has 10 points in five playoff games, tying Ken Linseman of Boston and Peter Stastny of night, with host Montreal trailing night equaled the one-game mark 0 deficit in Philadelphia and Minheld by Ed Bush, Bob Dailey and nesota ahead, 1-0, in Chicago.

"I've seen him play better," Coffey got assists on goals by Gretzky said of Coffey. "Goals are not everything. That's not to take and Mark Messier, while Robert Picard and Thomas Steen scored of the steel minim pray octors, Gretzky said of Coffey. "Goals are not everything. That's not to take anything away from his game to-night, but he's played great the last

# Red Sox Best White Sox

CHICAGO - Marty Barrett hit his first grand slam home run in the major leagues, and only the fourth and Mike Davis's two-run homer major leagues, and only the fourth borner of his career, to help the Boston Red Sox defeat the Chicago

ninth inning with Boston nursing

SATURDAY BASEBALL an 8-7 lead. Greg Walker homered end a four-game losing for the White Sox to lead off the defeat the Angels. 3-2.

Autorre 2, Mett 0
Tours 1, Lens 1
Nontes 2, Loval 0
Nancy 3, Marselile 1
Points Shaedines: Bordeaux 52; Nontes 45;
Auxerre 41; Monaco 40; Toulon 39; Metz 35;
Lens 34; Sochoux, Brest 33; Leval 31; Ports
SG 30; Nancy, Toulouse 29; Strasbours, Marselile 26; Lille, Basila 27; Rouen 26; Tours 24;
PC Baris 22 Tony Armas drove in three runs for the Red Sox, one with a home run. Mike Easler and Rich Gedman also hit solo homers for Bos-ITALIAN FIRST DIVISION ton. Gedman's homer, coming in

the sixth inning after a 44-minute rain delay, broke a 5-5 tie and put Ablanta 1, Come 8
Florentina 1, Cremonise 1
Lozie 8, Sampdorio 3
AC Atlan 6, Verono 8
Nopoli 3, Inter Atlan 1
Torino 1, Aveitino 8
Udinese 8, Romo 2
Points Standings: Verono 37; Sompdorio,
Torino 34; Juventus 33; Internazionale 32; AC
Allanta 15; Romo 29; Nopoli 28; Florentino,
Ascoli 28; Lazio 14; Cremonese 13, Aveilino,
Ascoli 28; Lazio 14; Cremonese 13
VEET GERMAN FIRST DIVISION
Fortuna Dusseldort 1, Waldhof Meanheim 1 Boston ahead to stay.

lie Wilson with one out in the ninth to score pinch runner Tom Brookens and cap a two-run rally that gave the Tigers their 4-3 victory

Willie Aikens in the eighth inning as the Blue Jays won their fourth

straight, 3-2. Ron Musselman (1-0) worked two perfect innings to record his first major-league victory since 1982 Yankees 5. Indians 2

In New York, Mike Pagliarulo hit a three-run double during a four-run first inning that gave the Yankees a 5-2 victory over Cleve-

A's 6, Twins 2

In Oakland, California, Bill helped the A's hand Minnesota its ninth straight loss, 6-2.

Mariners 3, Angels 2 At Anaheim, California, Ken Phelps got his first hit this season with two outs in the third inning, his two-run homer helping Seattle end a four-game losing streak and

Phillies 7, Mets 6 In the National League, in Philadelphia, Jeff Stone hit two home

runs and drove in five runs as the Phillies won, 7-6, after five straight Expos 4, Cubs 0

In Montreal, Bill Guilickson and

Jeff Reardon pitched a two-hitter and Andre Dawson's first homer this season gave the Expos their fourth consecutive victory, 4-0. Reds 2, Giants 1

In Cincinnati, Eddie Milner dou-

bled to lead off the bottom of the ninth and scored on a throwing error by pitcher Frank Williams, giving the Reds a 2-1 victory behind the four-hit, 11-strikeout pitching of Mario Soto. Astros & Braves 1

In Atlanta, Jose Cruz drove in

four runs and Terry Puhl knocked in two to back the two-hit pitching of Joe Niekro and Frank DiPine as Houston won, 8-1. Cardinals 4, Pirates 3

In St. Louis, Lonnie Smith tripled home a run and scored in the third inning and reliever Neil Allen survived getting struck by a bat to pitch the Cardinals to a 4-3 victory.

Padres 4, Dodgers 3

In San Diego, pinch-hitter Kurt Bevacqua's two-out single in the bottom of the 10th scored the win-Angeles, 4-3. (AP, UPI)

### players can move about the wise; the labyrutine de the major-league team water selv small one of Milwatter and major-league team water small one of Milwatter and major-league team water selv small one of Milwatter and major-league team water selv small one of Milwatter and major-league team water selv small one of Milwatter and major-league team water selv small one of Milwatter selves and major-league team water selves and major-le United Press International ESTORIL Portugal - Ayrton the 30th lap. His McLaren team-Senna of Brazil, in a Lotus, drove mate, Niki Lauda, also abandoned

superbly through heavy rain Sunday to win his first Formula One Grand Prix. The race was stopped under the

flag two hours later. He averaged 145,16 kilometers per hour in two hours, 28 seconds.

the race. Patrick Tambay of France took

The heavy rain, which fell throughout the race, took its toll, and only 10 of the 26 starters were still on the track at the end.

lap, had to start from the pit lane. advantage in rebounds, with Sam

foot shot at the buzzer,

While Senna shot into the lead at the start, and de Angelis overhauled Prost to go into second place, drama centered on the Williams team. Keke Rosberg of Fin-

### Baseball

Friday and Saturday Major League Line Scores Minnesera 029 606 600—2 4 1
Solitoral 1956 655 592—6 5 1
Viola and Loudner, Solars (7); Codiroll,
JHowell (9) and Heath, W—Codiroll, 2-1, L—
Viola, 1-2, 5v—JHowell (4), Hisz—Minnesolo,
Brunonsky (3), Oakland, Murphy (7), Heath FRIDAY'S RESULTS 

(2).
Secritic 100 996 900—1 16 9
Coliternic 908 231 82x—5 12 2
M.Ancore, Geisel (5), Barolos (7) and Valle;
Ramanick and Boone; W—Romanick, 24, L—
M.Ancore, 2-1. HR—Colifornia, Schofield (2).

MATIONAL LEAGUE
Chicogo 109 922 986—3 8 1
Mostred 980—5 11 1
Surclitte, Fontenot (6), Brussler (7) and Ocvis; Smith. Schabzeder (7), Reardon (9) and
Filiperoid, W—Smith, 2-6, L—Satcliffe, 2-1,
Language (2), Marchine (2), Marchine (2), Marchine (3), Marchine (3), Marchine (4), Mar rhopen. Quesenberry (7) and Sundsabernagen, Guesenberry (77) and Suss-berg: Petry, Bernayer (3), Scherrer (71, Lo-pez (8), Hernandez (9) and Porrish, Costilla (9), W—Sabernapen, 1-8, L.—Petry, 2-1, HRS— Konsas (17), Breit 2 (2), Balbani (2), Marley (1), Sundberg (1). Sv-Regrdon (2), HRs-Chicago, Csy (2), Montreal, Wohlford (1). San Francisco 161 800 800—2 6 1 Cincingali 200 101 801—6 10 8

Loskey, A.Davis (6), Williams (8) and Sran-ly; Shaser, Hurns (7), Power (9) and Van Gorder, W.—Shiper, 2-8, L.—Loskey, 8-1, Sv.— Power (2). Toronte 80 814 61x-6 8 8
Boddicker, S.Siewart (6) and Demasey; Alszander, Lomp (7), Acker (7), Lavetie 18).
Couditi (9) and Whitt, W.—Alexander, 2-9, L.—
S.Siewart, 1-1, HRS:—Boltimore, Connolly (1).
Sneets (2), Toronte, Bartiele (3).
Cieveland 280 988 988-2 8 1
New York 190 980 988-19 9
Heaten, Waddell (8) and Benton; Guldery.
Cowley (9) and Wyneger, W.—Heaten, 1-8, L.—
Guldry, 1-1, Sv.—Waddell (2), MR.—Cleveland,
Former (1). 000 100 211-5 9 0 021 033 00m-# 15 2

Avanta Rvan, Mathis (5), Solona (7) and Ashby: Mahler, Sutter (9), W.—Mahler, 3-0, L.—Rvan, I-1, II Rs.—Housian, Ashby (1), Allania, Cerone

Querterfluids
Hono Mondilkova (2), Czechoslovakla, def.
Virginio Ruzici, Romanio, 4-0, 4-2.
Cloudio Khode-Kilsch (3), West Germany,
def. (14) Kariniese Horvalli, U.S., 6-1, 7-5.
Zina Gorrison (4), U.S., def. Steff Graf (10),
West Germany, 6-7 (7-4), 6-1, 6-2. 900 011 006-2 9 1 San Diese Rhuss Costillo (5), Diaz (6), Hawe (8), and Sciascia; Hoyt and Kenredy, W— Hoyt, I-1, L—Reuss 1-2. HR—San Diese, Kennedy (3).

SATURDAY'S RESULTS
AMERICAN LEAGUE
Koneas City 629 601 896—3 16 8
Delmoil 809 909 172—4 11 1
Gubicza, Quisenberry (8) and Sundberry;
Terreil, Scherrer (6), Boir (7), Hermander (9), and Resident Mr. Manader (1) and Parrish, W.-Hernandez, 24. L.-Quisen-berry, 0-2. HR-Detroit, Evans (1).

(At Houston)

Quarterfloots

Mats Wilander, Sweden, def. Rot
non, india, 6-3, 1-6, 6-1. 000 002 000-2 5 7 000 000 12:-3 6 8 Teronte 906 000 12x-3 6 8
Dixon, T. Martinez (7), Aose (8) and Demo-sey; Leol. Musselman (7). Lovelle (9) and Whilt: W.-Musselman 1-8. L.-T. Martinez, 1rotte, U.S., def. John Llayd, Britain. FOOL

USFL Standin

EASTERN COME . Sv-Lovelle (2). HR-Bot Football

Cleveland 901 019 880—2 7 5 Allwaukee New York 900 080 182—5 7 2 Ramon, Jeffcool (6) and Bando: Alfekre, Shirley (6). Righetti (9) and Wyaegar, W-Niekro, 2-1, L—Raman, 0-2 5w—Righetti (4). Cleveland. Bernazord (1). 800 000 320-5 7 1 800 000 010-1 3 3 EASTERN CONFERENCE Notes, Schmidt (8) and Slaught; Haas, Load (7), McClure (9) and Moore, W— Notes, 1-1.

Rugby

eri me mi=2 5 1 League Leaders

Souther Server, Nation (2). Chicago Server (3). Oleda (8), Stoniev (8) and Gadman: Seaver, Nation (6), Aposto (7), James (6) and Fish, Wi-Crowford, 1-1, L.—Nelson, 6-1, Su-Slaniev (2), HR3-Boston, Easter (1); Armas (3), Gedman (7). Borrett (1), Chicago, Fish (13), Walker (2). 512 900 (80-3 4 1 906 980 935-2 4 3 Seattle California

Longston, Nunez (8), Vande Bern (9) and Kearney; Witt and Boane, Narron (9), W-Longston, 2-1, L-Witt, 8-3, Su-Vande Bers RATIONAL LEAGUE

New York 201 809 903—6 8 1
Philodebala 903 408 903—6 8 1
Lynch, German (A), McDavell (5), Lathorn
(7) and Carler: Quany, Andersen (9) and Virgil, W—Denny, I-1, L—Lynch, D-1, Su—Andersen (1) pen (1). HRs—New York, Strawbarry (3). Philadelphia, Stone 2 (2), Hayes (1).

Pittsburgh 900 109 268—3 7 3 5t, Louis 92 802 80x—4 5 2 Tunnell, Guante (7). D.Robinson (8) and Penns; Cox, Hossier (5), Allen (6) and Lovelters. W—Cox, 1-9, L—Tunnell, 6-1, 5—Allen (2).

Los Angeles 991 101 998 9-3 7 1
Sop Diese 191 608 198 1-4 13 1
Brennan, Honevcurf (5), Niedenfuer (6),
Howelf (3) and Scipscia: Show, Lafterts (7),
Gossose (10) and Kennedy, W.-Gossose, 1-0.
L.-Howelf, 9-1, HS-Los Angelss, Londredus (2), Marshelf (3), Bredm (3),

**Major League Standings** AMERICAN LEAGUE

W L Pct. GB 4 are ried with 7.
Hits: Marphy. Alfe

.600 — .700 1 .600 2 tsion. 7 4 ,636 — 5 4 ,600 %

Franço Cle

AMERICAN LEAGUE

G AB R H Pct.

Cie 9 31 10 16 516

6 23 6 10 .435

Jork 10 26 5 11 .423

Jork 11 36 6 15 .417

Cin 9 25 5 10 .400

Cea 10 31 6 13 .394

7 Det 8 33 8 13 .394

NY 7 25 4 10 .385

Ook 11 39 14 15 .385

Mul 9 34 5 13 .385

Mul 9 34 5 13 .385 Molitor Aut. 9 34 5 13 392

Russ: M.Dovis, Ookland, 12; Covents, Secifie, 11; Murphy, Ookland, 11; Franca, Cleveland, 10; Rice, Bester, 10.

881; M.Dovis, Ookland, 14; Presiey, Secifie, 13; P.Bradiey, Secitie, 12; G.Thomas, Sefile, 13; P.Bradiey, Secitie, 12; G.Thomas, Se-

attle, 11; Rice, Baston, 11. Hits: Cowens, Seattle, 16; Franco, Cleve-land, 16; Collins, Oakland, 14; Griffin, Oak-

iona, 14; Perciser, Minneson, 14; P.Briquey, Seattle, I.I., Doubles: Alaffingly, New York, 5; Baylor, New York, 4; Bosloa, Chicago, 4; Dw.Evans, Saston, 4; Frenca, Cleveland, 4; Orfa, Kansas City, 4. Triples; P.Bradley, Souttle, 2; Pettls, Cali-tornia, 2; Wilson, Kansas City, 2; 23 are lied with 1.

Name Rans: Presiey, Seattle, 6; G.Thomas.
Seattle, 4; M.Davis, Dakland, 4; 7 are fied with

Stoles Boses: Cotiles. Oakland, 7: Petris. Stoles: House: Cottins, Oaktond, 7; Pettis, California, 5; Gorcia, Terentia, 3; Griffin, Oaktond, 3; 7 are fled with 2.

PITCHING
Woo-Leat/Wimins Pol/ERA: Alexander,
Toronta, 24, L000, 256: B. Gibson, Milwaukee,
24, L000, 0,00: Boyd, Boston, 24, 1,000, 274;
Pures: Chicago, 14, 100, 100; Propolety, Cri.

Hornia, 2-8, 1,000, 1,64; Sutten, Dakland, 2-6. 1,000, 4,05, Striksoets: Morris, Detroit, 22: Alexander. Toronto, 16; Beddicker, Baltimore, 5; Boyd. oranto, 16; Boddicker, Baltimore, 5; Boya, osion, 14; Butcher, Minnesala, 12; Clemens. Boston, 14; Butcher, Mindesola, 12; Clemens. Boston, 12; Niekra. New York, 12, Saves: J.Howell, Oakland, 4; Nurez, Segitle. 3; Righetti, New York, 3; 7 are fied with 2.

Burns, Chicago, 2-9, 1.000, 3.00; Ramanick, Cat-

NATIONAL LEAGUE

# Basketball

**NBA Playoffs** FRIDAY'S RESULTS

Utoh 28 22 21 34—115

Houston 28 15 33 25—191

Contriev 11-22 12-17 34 Boiley 11-17 34 25;
Sompson 9-25 7-14 25, Lucas 7-14 24 18. Rebounds: Utoh 48 (Bolley 10); Houston 65

(Sompson 24). Assists: Utoh 29 (Green 10);
Houston 28 (Hollins 7).

Chicage 29 34 19 22—160

Moncrief 9-14 12-14 30, Cummings 16-16 2-2

22; Dolley 13-28 1-2 25, Jordon 7-19 9-10 23,
Robownski: Chicage 64 (Greenwood 13); Mil-

Rebounds: Chicopo 46 (Greenwood 13); Mil-woukee 46 (Mokeski 10). Assists: Chicopo 21 Jardon 103; Milwoukee 30 (Pressey 9).

SATURDAY'S RESULTS Perfiand 15 28 35 32 14—134
Delias 25 20 32 32 11—121
Vandeweighe 11-19 5-627, M. Thompson 11-18
3-625; Blockmon 16-27 84 41, Aguirre 7-18-68
20, Reboonds: Portland 74 (Bowle 20); Dollos
47 (Perkins 19), Assists: Perfiand 31 (Drexier

47 (Perkins 19). Aspith; Parliand 31 (Drexier 12); Dallot 27 (Harper 8).
Claveland 30 26 34 24—106 Botton 38 31 34 25—106 Botton 38 31 34 25—106 Bird 14-272-330, McHoje 9-141-219; rece 9-27 -825, Davis e 6-3-315, Rebounds: Cleveland 47 (Hinson 6); Boston 55 (Bird, Parish 11). Assists; Cleveland 20 (Free 7); Boston 22 (Bird 7). Abdul-Jobbor 19-12 4-5 34, McAdog 9-12 4-4 22: Adonts 9-14 5-5 21, Humphries 7-11 7-7 21.

### Hockey

April 25 Sweden B. Finland 5 West Germany 1, Czechoslovakia 6 East Germany B. Soviet Union 6 Canago 3, United States 4

Canada vs. Finland West Germany vs. Soviel Union United States vs. Czechoslavakia

# 22: Adoms 9-14 5-5 21, Humphries 7-17 7-7 21. Rebounds; Phoenix 40 (Lucus 9): L.A. Lokers 47 (Rombis 77, Assists: Phoenix 31 (Lucus 9): L.A. Lokers 37 (Liohnson, Cocorer 12). 5on Antonio 31 28 29 25-113 Denver 31 25 29 25-113 Denver 31 25 29 25-113 Genvin 16-25 9-11 41, Gilmore 7-12 3-5 17, Moore 7-12 3-5 17: English 11-197-129, Lever 715-19 22, Rebounds; Son Antonio 54 (Gilmore 12): Denver 58 (Cooper 10), Assists: Son Antonio 38 (Ausore 8): Denver 24 (Lever 13).

World Championships Results and schedule for the World Hockey

# With Aid of Grand Slam

Compiled by Our Staff From Dispatches

White Sox, 12-8, Saturday. The grand slam came in the

bottom half of the inning.

Tigers 4, Royals 3 In Detroit, Lou Whitaker singled over the head of center fielder Wil-

over Kansas City. Blue Jays 3, Orioles 2 In Toronto, Willie Upshaw tripled home the tying run and scored the winning run on a sacrifice fly by

Rangers 5, Brewers 1

In Milwaukee, Dickie Noles and Dave Schmidt pitched a two-hitter and Buddy Bell had two hits and scored twice as the Rangers won, 5. ning run as the Padres beat Los

RBI: Murphy, Atlanta, II; Herrandez, New
York, S. Herr, Schouls, S.; Licark, St. Louis, S.;

4 are tied with 7.

Nils: Murphy. Atlanta, 17: Marphal, Los Aspeles, 15: Gerone, Atlanta, 17: Cruz, Houston, 13; Garvey, San Diego, 13.

Doubles: C.Washinaton, Antonia, 4; Norgett, Atlanta, 4; Wolloch, Montreal, 4; 10 are led with 1.

Triples: McGee, St. Louis, 2; Stone, Philodelphia, 2; 14 are lied with 1.

Hoare Russ: Murphy. Atlanta, A; Carler, New York, 3; Kennedy, San Diego, 3; 12 are lied with 2.

Shelen Bouss: E.Dovis, Cincinnall, 5; M.William, New York, 5; Dernier, Chicopo, 4; Strow-berry, New York, 4; Wynne, Pittsburgh, A.

Won-Lest/Winnian Pct. Andolor, St. Louis, 24, 1,000; B. Smith, Montreal, 24, 1,000; Coden, New York, 24, 1,000; Coden, New York, 24, 1,000; Coden, New York, 24, 1,000; Shew, Son Diego, 20, 1,000; Robler, Atlanta, 24, 1,000; Strikeours: Goden, New York, 24, 1,000; Shew, Son Diego, 20, 1,000; Strikeours: Coden, New York, 25; L.De-Lan, Pittsburgh, 21; Volenduela, Los Angeles, 17; Eckersley, Chicopo, 15; Saria, Cincinnal, 2, pittsburgh, 22; Volenduela, 12; Sorter, Cincinnal, 2, Robert 11, 22; Robert 11, 23; Sorter, 11, 24; Robert 11, 24; Robert 11, 24; Robert 11, 25; Robert 11, 26; Robert 11, 27; Robert 11, 28; Robert 11, 29; Robe New York Chicago Montresi WESTERN CONFERENCE 6 3 0 .467 229 166 5 3 0 .425 245 131 4 3 1 .563 192 180 4 4 0 .500 161 145 BASEBALL American Langus Ayalo, out-clevelAnd—Signed Benny Ayalo, out-leider-infielder, to g minor-league controci. National League 4 4 0 500 761 145 3 5 0 375 118 176 New Jersey 21. Memphis 1. Sedurator's Res. Jocksonville 31, Orlendo 10 Denver 51, Les Angeles 8 PHILADELPHIA-Troded At Holland and PHILADELPHIA—Tropped Al Housing and Frankle Griffin, pitigars, to Pitissam's for Kent Takulve, officher, Placed Bo Diaz, catch-er, on the 15-day displied list, Recalled Dor-ren Doublen, catcher, fram Portland of the Pacific Coast League.

# The Diplomacy Gap

By William Safire

Washington — First came W plain old diplomacy, from the Greek word for a letter that has been folded over so that its contents cannot be readily seen.

Then came the march of modifiers, usually casting aspersions on the noun. Dollar diplomacy was first, in a 1910 blast by Harper's Weekly at the way President William Howard Tait's secretary of state, Philander C. Knox, was buying up politicians in Honduras.

Two years later, Taft praised the idea of "substituting dollars for bullets" in what came to be known as his "Dollar Diplomacy" speech.

Gunboat diplomacy was next, coined in 1927 to describe big-power domination of China early in the century and popularized in the 1937 "Panay incident," in which a Japanese bomber sank a U.S. gunboat on the Yangtze River. Ironically, in the case that made the phrase a household word for foreign-policy fans, the gunboat was on the receiving end of the force. Not until 1973 did the word di-

plomacy find a new mate, and the matchmaker was Henry A. Kissinger, who, Time magazine reported in 1974, went to the Middle East "for another round of 'shuttle diplomacy." The presence of quotation marks around the reference suggests an earlier use, but I have not been able to find it. (The National Aeronautics and Space Administration's "space shuttle" plan was then in the news, in a phrase based on Eastern Airlines' backand-forth intercity flights.)

That made diplomacy a big coin-age device again, like -arama and -nik in their day. Ping-pong diplomacy described attempts to bring about the opening to China, and media diplomacy was applied to satellite telecasts that brought togeth-

er opposing statesmen.

Amid all the noise, Secretary Kissinger let it be known he pre-ferred quiet diplomacy, a formula-tion that diplomats liked because it seemed to describe action and promised results from behind-the-

scenes maneuvering.
In January 1976, with Ronald Reagan trying to snatch the Republican nomination from President Gerald R. Ford, the puissantbut-neutral party leader, Bryce Harlow, asked the foreign-policy analyst Richard Allen to write the

year's party platform.

"A strong and effective program of global public diplomacy is a vital component of U.S. foreign policy," read the document, and public diplomacy was taken, as intended, to be an emphasis different from the quiet diplomacy that led to the detente that held sway during the era of Henry the K.

"It meant a strong and effective United States Information Agency," recalls Allen now, "taking the offensive in the war of ideas against the Soviet Union." The phrase was considered more acceptable than propaganda, a term that has a long and honorable history concerning the propagation of the Christian faith but gained a pejorative connotation under Joseph Goebbels.

Although Reagan lost the nomi-nation light to President Ford, who lost the election to Jimmy Carter, the phrase public diplomacy remained in moderate use during the Carter years. It found a sponsor in the reporting of The Washington Post's Don Oberdorfer, who wrote in 1977 of "Carter's unorthodox style of public diplomacy" and how "Carter and his team are now beginning to experience the severe problems of public diplomacy inflexible positions, international bad blood, open confrontations flowing from open declarations."

In the Reagan era, the term pubtic diplomacy has prospered, al-though Reagan likes to use the phrase quiet diplomacy from time to time. Gilbert A. Robinson, Reagan's first deputy director of the U.S. Information Agency, moved to the State Department in 1983 to become special adviser to the secretary of state for public diplomacy, and started the Office of Public

How does he define the phrase? "Governments are learning," says my former colleague, "that while bilateral diplomacy has its place, a television special on a given policy can often have more impact on a foreign government's actions than a host of traditional diplomatic ex-

What's next for the tried-andtrue combining form of diplomacy? The obvious step is private diplomacy, but that seems too close to quiet iplomacy. The phrase is waiting to

New York Times Service

# Primo Levi's Hybrid 'Periodic Table'

T URIN - Primo Levi, who wrote the critically acclaimed "The Periodic Table" after 30 years as a chemist, says he was able to begin the book only after ending his professional chemistry

Praise has poured in from around the world, somewhat embarrassing him. An American newspaper ran an article in which Levi was described as the "Jewish equivalent of a saint." 'I wrote to complain," Levi

said at his apartment on a treelined boulevard in Turin, where he lives with his wife of more than 30 years, Lucia Morpurgo. "Tm not a saint.

Summit Books has just published a 1982 novel by Levi, "If Not Now, When?" translated by William Weaver (\$15.95). Partly to publicize it, the writer is scheduled for a lecture tour that will take him to New York, California. Indiana and Massachusetts. "If Not Now, When?" is a re-

turn to fiction, the tale of a group of Soviet Jews fighting as parti-sans from Russia to Italy from 1943 to 1945.

Levi was already well-known in Italy as the author of nine works - autobiography, fiction, science fiction, poetry, essays and an anthology — published since

"The Periodic Table," published 10 years ago in Italy and released in the United States in December in a translation by Raymond Rosenthal (Schocken Books, \$16.95), is formed mainly of autobiographical essays linked to parts of the table of chemical elements. The book went into its third U.S. printing in February.
"For 30 years I worked as a

chemist, writing only on Sundays," said Levi, a thin, bearded man who looks younger than his 65 years. 'During 30 years I thought of crossbreeding, a hy-bridization between chemistry and literature.

"But while working as a chemist I didn't feel able to write of my work. In Italy we have a proverb: "You don't spit in the plate you eat from.' I started 'The Periodic Table' only when I was sure of retiring.

So, after leaving his job as director of a resins and varnish factory 10 years ago, Levi devoted



Primo Levi: "For 30 years I worked as a chemist, writing only on Sundays."

his time to writing, and recently he bought a word processor. On the walls of the book-lined study where he writes hang a bird and a butterfly that he made of copper wire from his factory to amuse his two children, Lisa, now 36, and Renzo, 27.

"I wrote my first book in 1946, as a catharsis," he recalled. "It was a witness to free me from the weight of Auschwitz." The book was published in English as "Survival in Auschwitz

"The Periodic Table" takes the author through his childhood in the rarefied, sheltered atmosphere of a Piedmontese Jewish family, his passion for chemistry, his internment in Auschwitz and his life after World War II.

The story begins with Levi's often eccentric forebears. Using the language of chemistry, he describes them as similar to the gas argon - "inert in their inner spirits, inclined to disinterested speculation, witty discourses, elegant, sophisticated, and gratuitous dis-

Such gases are "so satisfied with their condition that they do not . . . combine with any other element." Levi writes. The Jews of Piedmont created

a language of Hebrew roots with "Piedmontese" endings. "It was a dialect like Yiddish, which is Hebrew and German, but Yiddish was spoken by one million people and this dialect by only 1,000," Levi said.

By writing about them, he said, he hoped to preserve examples of the dialect, now almost extinct." Levi said that, at first, his family did not suffer under facism. We were a bourgeois family and

facism was a bourgeois party," he When Mussolini adopted Hit-ler's racial laws in 1938, "everyone was stunned." Levi said. "A law that a Jewish doctor could not care for a Christian patient seemed only stupid." Then "things changed rudely when the

became tragic in the span of a few Chemistry, for Levis, is a happier subject. He was smitten with ove for chemistry as a boy and has never recovered. He treats the elements with the same mixture of humor, affection and respect

as he does his friends and rela-

Germans occupied Italy. They

His work as a chemist is full of excitement and zany adventures,

such as bicycling from farm to farm collecting chicken droppings as a source of the uric acid he needed to make a better lipstick in the lean days just after the

He tells of how the element

vanadium helped him make peace with his memories of Auschwitz 20 years after he was In the 1960s, he had occasion

to complain to a West German company about a shipment of resins for his varnish factory. At the the company, a man he identi-fies as Dr. Müller said that add-ing vanadium to the varnish would solve the problem. Müller, it turned out, had been

the director of the laboratory at Auschwitz where Levi had worked as a prisoner, he writes. The two men exchanged letters, and Levi found, instead of evil, "a typically gray human specimen. one of the not so few one-eyed men in the kingdom of the blind." Levi said his reason for return-

ing repeatedly to the war was explained by the Yiddish proverb that serves as an epigraph to "The Periodic Table:" Troubles overcome are good

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### CALIFORNIA POSTCARD

# Fixing a Reagan Dream

By Rebecca LaVally

SACRAMENTO, California — For almost 10 years, the dream mansion that Nancy Reagan helped design for California gover-nors sat unwanted and unfinished. Cobwebs hung from the corners

of the 18-foot cathedral ceilings. No rugs or furniture graced the bare concrete floors. A window was marred by a bullet hole. Utility systems broke down and stayed that way. Unmowed grass on the property's prime 11 acres (4.5 hectares) dried up.

The house, with two kitchens, two dining rooms, eight bedrooms, eight bathrooms and a tiled roof covering half an acre, resembled an empty supermarket.

All that is changing. Matt Fran-ich, a Palos Verdes developer, fell in love with the Spanish-style mansion. When the state legislature put the bouse on the market, Franich bought it for what he considered a bargain, \$1.53 million.

Franich said at the time, last September, that he wanted to lease are still working on those. the house to the state, at cost, so that Governor George Deukmejian could live in it.

The cost, however, was staggering. By the state's estimate, the asion needed \$1 million in refurbishing and repairs. Critics said it did not make sense for the state to sell a house and then pay \$18,000 a month to lease it. Deukmejian rejected Franich's offer and moved into a \$400,000 home bought with donated money.

Franich has never given up. He said he had renewed his lease offer, although he had not gotten a response. He said he was fixing up the home —and spending a bundle on it - because he was sure a governor would live there someday. When it's finished, he'll say,

Boy, I'm really glad Matt did this," said Franich. There won't be a light bulb out. There won't be a weed on the place. Everything

will be perfect."
Franich has talked of creating a private club or subdividing the property, but insists that that is not what he really wants. "This is the proper place for a governor, so I think ultimately that's going to happen. But it may take years. Who

The public will have an opportu-nity to inspect Franch's embellishments May 10 when the mansion

will be opened for a local charity

fund-raiser. Beyond a spacious, open-air courtyard lined with huge flower pots, visitors are greeted by framed

pictures of Ronald and Nancy Reagan in the entryway. Franich said he wrote to Reagan, who did not respond. But Franich said he was certain Mrs. Reagan would one day visit the house. T know Nancy put her heart and soul into this," he said. "She was at the architect's office every day. I know she would love to see it."

Franich has installed more than 11,000 floor tiles covered by more than 40 Persian rugs, planted 280 trees, created parking for 300 cars, and put in an adobe-style fence, wrought-iron gates, decorative light posts and a closed-circuit-television monitoring system.

There will be a 50-foot (15-meter) swimming pool with a fountain in its center; a spa to be adorned by lion-head fountains on each side of a waterfall; and a lavish bathhouse and sauna. Construction workers

Franich does not want to tell the cost of it all; the names of the subcontractors doing the work cover two typewritten pages. He did say that replacing one missing Ger-man-made bronze lock on one of the 116 glass-paneled doors "cost me over 400 bucks."

Built by the state for \$1.4 million on riverfront land donated by friends of Reagan, the house was rejected by Governor Edmund G. Brown Jr., a Democrat, who preferred an apartment near the Capi-

Deukmejian, a Republican, toured the 30-room mansion with his wife, Gloria, and said he wanted to live there. But state Senator Alfred Alquist, a Democrat, scoffed at that, saying Deukmejian felt compelled to accept the house built for the Reagans but finished after Reagan's second term as governor

Alquist, who led the drive to sell the mansion, insists Deukmejian really didn't care for the place.

Franich, 56, and his wife, Pat, 53, say they're crazy about the house, which seems to dwarf everything put into it. "The rugs look like somebody threw some postage stamps around," Mrs. Franich said, laughing. "We're overwhelmed, but it's a home that grows on you."

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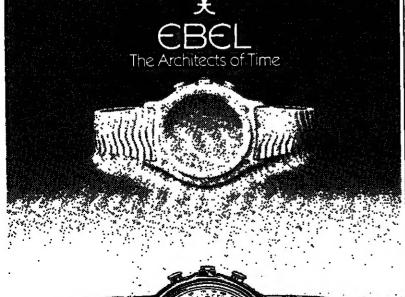
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